

ULTRAPAR HOLDINGS INC  
Form 6-K  
November 12, 2010

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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 November, 2010

Commission File Number: 001-14950

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

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

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

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

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

Yes      No X

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

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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ULTRAPAR HOLDINGS INC.

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-

Item 1

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

Ultrapar Participações S.A. and Subsidiaries

Interim financial information  
March 31, 2010

Ultrapar Participações S.A. and Subsidiaries

Interim financial statements

as of March 31, 2010 and 2009

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Independent auditors' review report

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

1. We have reviewed the Quarterly Financial Information of Ultrapar Participações S.A. (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended March 31, 2010, comprising the balance sheet, the statements of income, comprehensive income, cash flows, changes in shareholders' equity, explanatory notes and management report, which are the responsibility of its management.
2. Our review was conducted in accordance with the specific rules set forth by the IBRACON - The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council - CFC and consisted mainly of the following: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any material modifications that should be made in the accounting information included in the Quarterly Financial Information described above, for these to be in accordance with accounting practices adopted in Brazil, especially the Committee for Accounting Pronouncements – CPC n° 21 – Interim Financial Statements and the rules issued by the Brazilian Securities and Exchange Commission (CVM), which are applicable to the preparation of the Quarterly Financial Information.

4. As per Note n° 2, during the year of 2009 a number of Pronouncements, Interpretations and Technical Guidance issued by the Committee for Accounting Pronouncements – CPC – were approved by the Brazilian Securities and Exchange Commission (CVM), in effect as from January 1, 2010, and changed certain accounting practices adopted in Brazil. These changes were adopted by the Company and its subsidiaries in the preparation of the Quarterly Financial Information for the quarter ended March 31, 2010 and disclosed in Note n° 2. This Quarterly Financial Information restated herein and, therefore, differ from the one originally presented by the Company as of March 31, 2010, including our review report dated May 4, 2010. The Quarterly Financial Information for the year and period related to 2009, presented herein for comparison purposes, were adjusted to include the changes in the accounting practices adopted in Brazil in effect in 2010.

São Paulo, November 9, 2010

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Anselmo Neves Macedo  
Accountant CRC 1SP160482/O-6

Ultrapar Participações S.A. and Subsidiaries  
(Convenience Translation into English from the Original Previously Issued in Portuguese)

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**IDENTIFICATION**


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**01.01- CAPITAL COMPOSITION**

| Number of shares<br>(Thousands) | Current quarter<br>03/31/2010 | Prior quarter<br>12/31/2009 | Same quarter in prior year<br>03/31/2009 |
|---------------------------------|-------------------------------|-----------------------------|--|
| <b>Paid-up Capital</b>          |                               |                             |  |
| 1 - Common                      | 49,430                        | 49,430                      | 49,430                                   |
| 2 - Preferred                   | 86,666                        | 86,666                      | 86,666                                   |
| 3 - Total                       | 136,096                       | 136,096                     | 136,096                                  |
| <b>Treasury Share</b>           |                               |                             |  |
| 4 - Common                      | 7                             | 7                           | 7  |
| 5 - Preferred                   | 2,138                         | 2,138                       | 2,201                                    |
| 6 - Total                       | 2,145                         | 2,145                       | 2,208                                    |

**01.02 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

| 1 - ITEM | 2 - EVENT                   | 3 - APPROVAL | 4 - REVENUE | 5 - BEGINNING OF PAYMENT | 7 - TYPE OF SHARE | 8 - AMOUNT PER SHARE |
|----------|-----------------------------|--------------|-------------|--------------------------|-------------------|----------------------|
| 01       | Board of Director's Meeting | 02/24/2010   | Dividends   | 03/12/2010               | Common            | 1.190000000          |
| 02       | Board of Director's Meeting | 02/24/2010   | Dividends   | 03/12/2010               | Preferred         | 1.190000000          |

**01.03 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR**

| 1 - ITEM | 2 - DATE OF ALTERATION | 3 - AMOUNT OF THE CAPITAL (IN THOUSANDS OF REAIS) | 4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS) | 5 - NATURE OF ALTERATION | 7 - NUMBER OF SHARES ISSUED (THOUSAND) | 8 - SHARE PRICE ON ISSUE DATE (IN REAIS) |
|----------|------------------------|---|--|--------------------------|--|--|
|----------|------------------------|---|--|--------------------------|--|--|





## Ultrapar Participações S.A. and Subsidiaries

## Balance sheets

as of March 31, 2010 and December 31, 2009

(In thousands of Reais)

| Assets                        |              | Parent     |            | Consolidated |            |
|-------------------------------|--------------|------------|------------|--------------|------------|
|                               |              | 03/31/2010 | 12/31/2009 | 03/31/2010   | 12/31/2009 |
| Current assets                |              |            |            |              |            |
| Cash and cash equivalents     | 5            | 32,307     | 58,926     | 1,500,396    | 1,887,499  |
| Financial investments         | 5            | 20,000     | -          | 411,515      | 440,257    |
| Trade account receivables     | 6            | -          | -          | 1,588,988    | 1,618,283  |
| Inventories                   | 7            | -          | -          | 1,011,957    | 942,181    |
| Recoverable taxes             | 8            | 37,344     | 38,245     | 310,490      | 320,161    |
| Dividends receivable          |              | 30         | 119,020    | -            | -          |
| Other receivables             |              | 2,384      | 9          | 30,799       | 35,336     |
| Prepaid expenses              | 11           | -          | -          | 47,548       | 22,832     |
| Total current assets          |              | 92,065     | 216,200    | 4,901,693    | 5,266,549  |
| Non-current assets            |              |            |            |              |            |
| Long-term assets              |              |            |            |              |            |
| Financial investments         | 5            | -          | -          | 7,193        | 7,193      |
| Trade account receivables     | 6            | -          | -          | 75,612       | 86,377     |
| Related companies             | 9.a)         | 750,000    | 774,082    | 9,376        | 7,606      |
| Deferred income and social    |              |            |            |              |            |
| contribution taxes            | 10.a)        | 750        | 231        | 672,356      | 694,571    |
| Recoverable taxes             | 8            | 21,586     | 17,161     | 65,136       | 53,176     |
| Escrow deposits               |              | 232        | 217        | 323,809      | 308,538    |
| Other receivables             |              | -          | -          | 1,195        | 1,503      |
| Prepaid expenses              | 11           | -          | -          | 35,466       | 34,944     |
|                               |              | 772,568    | 791,691    | 1,190,143    | 1,193,908  |
| Investments                   |              |            |            |              |            |
| Subsidiaries                  | 12.a)        | 5,005,465  | 4,905,465  | -            | -          |
| Affiliates                    | 12.b)        | -          | -          | 12,486       | 12,461     |
| Others                        |              | -          | -          | 2,344        | 2,285      |
| Property, plant and equipment | 13 and 16.h) | -          | -          | 3,861,184    | 3,784,500  |
| Intangible assets             | 14           | 246,163    | 246,163    | 1,202,698    | 1,203,693  |
| Deferred charges              | 15           | -          | -          | 8,591        | 9,819      |
|                               |              | 5,251,628  | 5,151,628  | 5,087,303    | 5,012,758  |
| Total non-current assets      |              | 6,024,196  | 5,943,319  | 6,277,446    | 6,206,666  |
| Total assets                  |              | 6,116,261  | 6,159,519  | 11,179,139   | 11,473,215 |

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



## Ultrapar Participações S.A. and Subsidiaries

## Balance sheets

as of March 31, 2010 and December 31, 2009

(In thousands of Reais)

| Liabilities                                   | Note  | Parent           |                  | Consolidated     |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 03/31/2010       | 12/31/2009       | 03/31/2010       | 12/31/2009       |
| <b>Current liabilities</b>                    |       |                  |                  |                  |                  |
| Loans and financing                           | 16    | -                | -                | 718,004          | 1,132,105        |
| Debentures                                    | 16    | 26,956           | 1,381            | 26,955           | 1,381            |
| Finance leases                                | 16.h) | -                | -                | 9,391            | 10,728           |
| Trade payables                                |       | 148              | 10,026           | 667,585          | 891,869          |
| Salaries and related charges                  |       | 100              | 100              | 133,079          | 176,490          |
| Taxes payable                                 |       | 53               | 1,422            | 158,025          | 121,496          |
| Dividends payable                             |       | 2,139            | 104,019          | 7,645            | 113,868          |
| Income tax and social contribution payable    |       | 5                | -                | 38,225           | 18,975           |
| Post-employment benefits                      | 25.b) | -                | -                | 11,955           | 11,960           |
| Provision for contingencies                   | 24.a) | -                | -                | 21,660           | 23,024           |
| Provision for assets retirement obligation    | 17    | -                | -                | 5,848            | 3,813            |
| Deferred revenue                              | 18    | -                | -                | 18,708           | 11,821           |
| Other payables                                |       | 649              | 847              | 24,715           | 48,711           |
| <b>Total current liabilities</b>              |       | <b>30,050</b>    | <b>117,795</b>   | <b>1,841,795</b> | <b>2,566,241</b> |
| <b>Non-current liabilities</b>                |       |                  |                  |                  |                  |
| <b>Long-term liabilities</b>                  |       |                  |                  |                  |                  |
| Financing                                     | 16    | -                | -                | 2,514,027        | 2,131,388        |
| Debentures                                    | 16    | 1,188,795        | 1,186,485        | 1,188,795        | 1,186,485        |
| Finance leases                                | 16.h) | -                | -                | 3,045            | 4,637            |
| Related companies                             | 9.a)  | -                | -                | 4,071            | 4,071            |
| Deferred income and social contribution taxes | 10.a) | -                | -                | 19,198           | 13,496           |
| Provision for contingencies                   | 24.a) | 3,548            | 3,507            | 527,204          | 540,230          |
| Post-employment benefits                      | 25.b) | -                | -                | 90,085           | 90,080           |
| Provision for assets retirement obligation    | 17    | -                | -                | 60,001           | 60,765           |
| Deferred revenue                              | 18    | -                | -                | 5,167            | 5,310            |
| Other payables                                |       | -                | -                | 46,979           | 34,670           |
| <b>Total non-current liabilities</b>          |       | <b>1,192,343</b> | <b>1,189,992</b> | <b>4,458,572</b> | <b>4,071,132</b> |
| Non-controlling interest                      |       | -                | -                | 20,535           | 35,017           |
| <b>Shareholders' equity</b>                   |       |                  |                  |                  |                  |
| Share capital                                 | 19.a) | 3,696,773        | 3,696,773        | 3,696,773        | 3,696,773        |
| Capital reserve                               | 19.c) | 4,482            | 4,482            | 1,426            | 1,275            |
| Revaluation reserve                           | 19.d) | 7,825            | 8,156            | 7,825            | 8,156            |
| Profit reserves                               | 19.e) | 1,268,850        | 1,268,850        | 1,268,850        | 1,268,850        |

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|  |          |            |            |            |            |
|--|----------|------------|------------|------------|------------|
| Treasury shares                            | 19.b)    | (123,720 ) | (123,720 ) | (135,760 ) | (136,403 ) |
|  | 3.c) and |            |            |            |            |
| Valuation adjustment                       | 19.g)    | (2,044 )   | (4,075 )   | (2,044 )   | (4,075 )   |
| Cumulative translation                     |          |            |            |            |            |
|  | 3.o) and |            |            |            |            |
| adjustments                                | 19.h)    | (19,047 )  | (5,302 )   | (19,047 )  | (5,302 )   |
| Retained earnings                          |          | 60,749     | 6,568      | 40,214     | (28,449 )  |
|  | 19.f)    | 4,893,868  | 4,851,732  | 4,858,237  | 4,800,825  |
| Total liabilities and shareholders' equity |          | 6,116,261  | 6,159,519  | 11,179,139 | 11,473,215 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Income statements

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

|  | Note            | Parent     |            | Consolidated |              |
|--|-----------------|------------|------------|--------------|--------------|
|  |                 | 03/31/2010 | 03/31/2009 | 03/31/2010   | 03/31/2009   |
| Gross revenue from sales and services                        | 3.a)            | -          | -          | 10,332,325   | 6,725,158    |
| Deductions   |                 | -          | -          | (398,933 )   | (315,765 )   |
| Net revenue from sales and services                          |                 | -          | -          | 9,933,392    | 6,409,393    |
| Cost of products and services sold                           | 3.a)            | -          | -          | (9,238,514 ) | (5,908,661 ) |
| Gross income   |                 | -          | -          | 694,878      | 500,732      |
| Operating revenues (expenses)                                |                 |            |            |              |              |
| Selling and marketing  |                 | -          | -          | (279,499 )   | (178,946 )   |
| General and administrative                                   |                 | (1,679 )   | (1,201 )   | (176,442 )   | (149,104 )   |
| Other net operating income                                   |                 | 2,465      | (1 )       | 7,098        | 5,278        |
| Income on disposal of assets                                 | 20              | -          | -          | 394          | 2,762        |
| Operating income before financial income and equity          |                 | 786        | (1,202 )   | 246,429      | 180,722      |
| Net financial income   | 22              | (2,309 )   | (24,745 )  | (73,250 )    | (57,811 )    |
| Equity in income of subsidiaries and affiliates              | 12.a) and 12.b) | 126,243    | 117,101    | 25           | (100 )       |
| Operating income before social contribution and income taxes |                 | 124,720    | 91,154     | 173,204      | 122,811      |
| Social contribution and income taxes                         |                 |            |            |              |              |
| Current  | 10.b)           | (4 )       | -          | (30,915 )    | (28,780 )    |
| Deferred charges   | 10.b)           | 519        | 662        | (27,366 )    | (7,794 )     |
| Tax incentives   | 10.b) and 10.c) | -          | -          | 7,119        | 6,934        |
|  |                 | 515        | 662        | (51,162 )    | (29,640 )    |
| Income before non-controlling interest                       |                 | 125,235    | 91,816     | 122,042      | 93,171       |
| Non-controlling interests                                    |                 | -          | -          | 3,193        | (1,355 )     |
| Net income for the period                                    |                 | 125,235    | 91,816     | 125,235      | 91,816       |

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

Fiscal period ended March 31, 2010

(In thousands of Reais)

|  | Note   | Share capital | Capital reserves | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total     |
|--|--------|---------------|------------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|-----------|
| Balance at December 31, 2009   |        | 3,696,773     | 4,482            | 8,156                               | 1,145,130      | (4,075)               | (5,302)                            | 6,568             | 4,851,732 |
| Realization of revaluation reserve   | 19.d)  | -             | -                | (331)                               | -              | -                     | -                                  | 331               | -         |
| Income tax and social contribution on realization of revaluation reserve of subsidiaries | 19.d)  | -             | -                | -                                   | -              | -                     | -                                  | (46)              | (46)      |
| Dividends  | -      | -             | -                | -                                   | -              | -                     | -                                  | (56,857)          | (56,857)  |
| Changes on non-controlling interest by subsidiaries                                      | 2.2.i) | -             | -                | -                                   | -              | -                     | -                                  | (14,482)          | (14,482)  |
| Valuation adjustments for financial instruments  | 3.c)   | -             | -                | -                                   | -              | 2,031                 | -                                  | -                 | 2,031     |
| Currency translation of foreign subsidiaries   | 3.o)   | -             | -                | -                                   | -              | -                     | (13,745)                           | -                 | (13,745)  |
| Net income for the period  | -      | -             | -                | -                                   | -              | -                     | -                                  | 125,235           | 125,235   |
| Balance at March 31, 2010  |        | 3,696,773     | 4,482            | 7,825                               | 1,145,130      | (2,044)               | (19,047)                           | 60,749            | 4,893,828 |

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



Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the consolidated statements

Fiscal period ended March 31, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total     |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|-----------|
| Balance at December 31, 2009   |       | 3,696,773     | 1,275           | 8,156                               | 1,132,447      | (4,075)               | (5,302)                            | 6,568             | 4,835,842 |
| Realization of revaluation reserve   | 19.d  | -             | -               | (331)                               | -              | -                     | -                                  | 331               | -         |
| Income tax and social contribution on realization of revaluation reserve of subsidiaries | 19.d  | -             | -               | -                                   | -              | -                     | -                                  | (46)              | (46)      |
| Dividends  | -     | -             | -               | -                                   | -              | -                     | -                                  | (56,857)          | (56,857)  |
| Changes on non-controlling interest by subsidiaries                                      | 2.2.i | -             | -               | -                                   | -              | -                     | -                                  | (14,482)          | (14,482)  |
| Valuation adjustments for financial instruments  | 3.c   | -             | -               | -                                   | -              | 2,031                 | -                                  | -                 | 2,031     |
| Currency translation of foreign subsidiaries   | 3.o   | -             | -               | -                                   | -              | -                     | (13,745)                           | -                 | (13,745)  |
| Treasury shares  | -     | -             | 151             | -                                   | 643            | -                     | -                                  | -                 | 794       |
| Net income for the period  | -     | -             | -               | -                                   | -              | -                     | -                                  | 125,235           | 125,235   |
| Balance at March 31, 2010  |       | 3,696,773     | 1,426           | 7,825                               | 1,133,090      | (2,044)               | (19,047)                           | 60,749            | 4,878,772 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

|   | Note  | Parent<br>03/31/2010 | 03/31/2009 | Consolidated<br>03/31/2010 | 03/31/2009 |
|---|-------|----------------------|------------|----------------------------|------------|
| Cash flows from operating activities                    |       |                      |            |                            |            |
| Net income for the period                               |       | 125,235              | 91,816     | 125,235                    | 91,816     |
| Adjustments to reconcile net income to cash provided by |       |                      |            |                            |            |
| operating activities                                    |       |                      |            |                            |            |
| Equity in income of subsidiaries and affiliates         | 12    | (126,243 )           | (117,101 ) | (25 )                      | 100        |
| Depreciation and amortization                           |       | -                    | -          | 133,108                    | 107,032    |
| PIS and COFINS credits on depreciation                  |       | -                    | -          | 2,114                      | 2,594      |
| Expense with tanks removed                              | 17    | -                    | -          | (1,061 )                   | (725 )     |
| Interest, monetary and exchange rate changes            |       | 7,851                | 45,546     | 93,647                     | 86,997     |
| Deferred income and social contribution taxes           | 10.b) | (519 )               | (662 )     | 27,366                     | 7,794      |
| Non-controlling interest in income                      |       | -                    | -          | (3,193 )                   | 1,355      |
| Proceeds from sale of property, plant and equipment     |       | -                    | -          | (394 )                     | (2,762 )   |
| Others  |       | -                    | -          | 611                        | (351 )     |
| Dividends received from subsidiaries                    |       | 118,990              | 3,600      | -                          | -          |
| (Increase) decrease in current assets                   |       |                      |            |                            |            |
| Trade accounts receivables                              | 6     | -                    | -          | 29,296                     | (28,331 )  |
| Inventories   | 7     | -                    | -          | (70,108 )                  | 162,759    |
| Recoverable taxes                                       | 8     | 901                  | (9,961 )   | 9,671                      | 16,816     |
| Other receivables                                       |       | (2,375 )             | 832        | 4,537                      | 81,044     |
| Prepaid expenses  | 11    | -                    | -          | (24,716 )                  | (25,715 )  |
| Increase (decrease) in current liabilities              |       |                      |            |                            |            |
| Trade payables  |       | (9,878 )             | (227 )     | (224,284 )                 | (103,311 ) |
| Wages and employee benefits                             |       | -                    | 4          | (43,411 )                  | (37,357 )  |
| Taxes payable   |       | (1,369 )             | (103 )     | 36,530                     | 5,774      |
| Income tax and social contribution                      |       | 5                    | -          | 19,250                     | (10,132 )  |
| Other payables  |       | (198 )               | (37 )      | (18,481 )                  | (818 )     |
| (Increase) decrease in long-term assets                 |       |                      |            |                            |            |
| Trade accounts receivable                               | 6     | -                    | -          | 10,407                     | 9,631      |
| Recoverable taxes                                       | 8     | (4,425 )             | -          | (12,126 )                  | (4,105 )   |
| Amounts in escrow                                       |       | (15 )                | (24 )      | (15,271 )                  | (6,986 )   |
| Other receivables                                       |       | -                    | -          | 308                        | 38         |
| Prepaid expenses  | 11    | -                    | -          | 339                        | 706        |
| Increase (decrease) in long-term liabilities            |       |                      |            |                            |            |
| Provision for contingencies                             |       | 41                   | -          | (13,027 )                  | 7,713      |
| Other payables  |       | -                    | 92         | 12,171                     | 384        |

|   |         |        |        |         |
|---|---------|--------|--------|---------|
| Net cash provided by operating activities | 108,001 | 13,775 | 78,493 | 361,960 |
|---|---------|--------|--------|---------|

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

|  | Note | Parent     |            | Consolidated |             |
|--|------|------------|------------|--------------|-------------|
|  |      | 03/31/2010 | 03/31/2009 | 03/31/2010   | 03/31/2009  |
| Cash flows from investment activities  |      |            |            |              |             |
| Financial investments, net of redemptions  |      | (20,000 )  | (750,000 ) | 28,743       | 110,009     |
| Disposal (acquisition) of investments, net   | 12   | -          | -          | -            | (1,189,646) |
| Capital contributions to subsidiaries  | 12   | -          | (4,980 )   | -            | -           |
| Acquisition of property, plant and equipment   | 13   | -          | -          | (173,916 )   | (104,010 )  |
| Increase in intangible assets  | 14   | -          | -          | (38,730 )    | (18,042 )   |
| Gain on sale of property, plant and equipment  |      | -          | -          | 4,459        | 8,749       |
| Net cash provided by (used in) investment activities                                 |      | (20,000 )  | (754,980 ) | (179,444 )   | (1,192,940) |
| Cash flows from financing activities   |      |            |            |              |             |
| Financing and debentures   |      |            |            |              |             |
| Fund raising   | 16   | -          | -          | 1,048,107    | 547,133     |
| Amortization   | 16   | -          | (9,402 )   | (1,152,144)  | (153,468 )  |
| Payment of financial lease   | 16   | -          | -          | (3,297 )     | (3,240 )    |
| Dividends paid   |      | (158,736 ) | (32 )      | (163,079 )   | (136 )      |
| Reduction of non-controlling interest  |      | -          | -          | (11,369 )    | -           |
| Related entities   | 9.a) | 44,116     | 13,615     | (1,770 )     | (698 )      |
| Net cash provided by (used in) financing activities                                  |      | (114,620 ) | 4,181      | (283,552 )   | 389,591     |
| Effect of changes in exchange rates on cash and cash equivalents in foreign currency |      |            |            |              |             |
|  |      | -          | -          | (2,600 )     | 5,018       |
| Increase (decrease) in cash and cash equivalents                                     |      | (26,619 )  | (737,024 ) | (387,103 )   | (436,371 )  |
| Cash and cash equivalents at beginning of period                                     | 5    | 58,926     | 778,991    | 1,887,499    | 1,275,053   |
| Cash and cash equivalents at end of period   | 5    | 32,307     | 41,967     | 1,500,396    | 838,682     |

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

1. Operations

Ultrapar Participações S.A. (“Company”), with headquarters in the City of São Paulo, engages in the investment of its own capital in commercial and industrial activities and related businesses, including the subscription or acquisition of shares of other companies.

Through its subsidiaries, it operates in the segment of liquefied petroleum gas - LPG distribution (“Ultragaz”), light fuel & lubricant distribution, and related business (“Ipiranga”), production and marketing of chemicals (“Oxitenó”), and provision of logistics services for liquid bulk cargo (“Ultracargo”). The Company also operates a petroleum refining business through its investment in Refinaria de Petróleo Riograndense S.A. (“RPR”).

2. First-time adoption of the new pronouncements issued by the Accounting Pronouncements Committee (“CPC”)

Pursuant to the requirements of the article 2, paragraph II, of CVM Resolution 603/09, the Company is restating the interim financial information for the 1st quarter of 2010 in accordance with the pronouncements issued in 2009 and 2010.

In order to bring about convergence of the Brazilian accounting rules and the International Financial Reporting Standards (“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 2010 (“New BR GAAP”).

2.1 Transition basis for the adoption of the new CPC pronouncements

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 its opening balance sheet in accordance with the pronouncements of the New BR GAAP. The interim financial statements as of June 30, 2010, as well as 2009 information included therein, are being restated according to the New BR GAAP, as described in Note 3.

The Company’s individual and consolidated financial statements for the year ended December 31, 2010 will be the first annual financial statements under the New BR GAAP.

On the transition date, the Company applied CPC 43 (First-Time Adoption of CPC Technical Pronouncements 15 to 40), which establishes the steps to be followed for the adoption of the new pronouncements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

With the purpose of making 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 application of CPC 37 (First-Time Adoption of International Accounting Standards) – equivalent to IFRS 1 (First-Time Adoption of IFRS) – which provides exceptions to and optional exemptions from the retrospective application of the accounting standards.

The Company has applied certain optional exemptions with regard to the full retrospective application of the standards, as summarized below:

a. Exemption related to business combination 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. The main business combinations performed by the Company before the transition date were the acquisitions of Ipiranga in 2007 and União Terminais in 2008.

As permitted by CPC 37, 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 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

For New BR GAAP purposes, the Company and its subsidiaries identified the need to include in property, plant and equipment the estimated cost to remove, for decommissioning or restoration purposes, 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 the tanks existing on January 1, 2009 based on the costs at the acquisition time of the respective tanks for recognition in property, plant and equipment. The amount added to 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 related to the capitalization of borrowing costs

Regarding borrowing costs incurred before January 1, 2009 and capitalized according to the prior accounting standards, the Company and its subsidiaries opted for the exemption that allows such costs to be written off in the opening balance sheet against retained earnings, instead of recalculating them on a retroactive basis according to the new rules applicable to the capitalization of borrowing costs.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## d.Exemption related to deemed cost

When recording the initial balance of property, plant and equipment upon the first-time adoption of CPC 27 (Property, Plant and Equipment) and ICPC 10 (Interpretation of the First-Time Adoption of Pronouncements CPCs 27, 28, 37 and 43 to Property, Plant and Equipment and Investment Property), the Company and its subsidiaries chose not to revise the historical costs of items of property, plant and equipment and not to use the deemed cost, as set forth in paragraphs 20 to 29 of ICPC 10.

## 2.2 Conciliation between previous GAAP and New BR GAAP

|   | March 31,<br>2010 | March 31,<br>2009 | January 1,<br>2009 | December<br>31, 2009 |
|---|-------------------|-------------------|--------------------|----------------------|
| Shareholders' equity  |                   |                   |                    |                      |
| Shareholders' equity under previous GAAP  | 4,958,839         | 4,741,529         | 4,650,076          | 4,829,274            |
| Adoption of New BR GAAP effects:  |                   |                   |                    |                      |
| a) Recognition of provision for assets retirement obligation                                    | (38,922 )         | (37,150 )         | (36,773 )          | (38,008 )            |
| b) Measurement of property, plant and equipment::   |                   |                   |                    |                      |
| b.1) Borrowing costs capitalization   | (26,666 )         | (28,956 )         | (30,072 )          | (27,419 )            |
| b.2) Recognition of inflation 1996/1997   | 14,418            | 16,825            | 17,474             | 14,617               |
| c) Write-off of investments in progress   | (21,493 )         | (21,385 )         | (21,000 )          | (21,392 )            |
| d) Recognition of provision for contingencies   | (8,064 )          | (7,363 )          | (7,191 )           | (7,905 )             |
| e) Business Combination –Texaco acquisition   | (56,900 )         | -                 | -                  | (49,810 )            |
| f) Loyalty program  | (16,887 )         | -                 | -                  | (9,927 )             |
| g) Other effects, net   | 2,685             | 425               | (1,038 )           | 1,482                |
| h) Deferred income and social contribution taxes  | 51,227            | 26,385            | 26,724             | 53,056               |
| j) Reversal of dividends payable in excess of the minimum mandatory dividends set by the Bylaws | -                 | -                 | 52,391             | 56,857               |
| Total   | (100,602 )        | (51,219 )         | 515                | (28,449 )            |
| Shareholders' equity, excluding non-controlling interest in subsidiaries                        | 4,858,237         | 4,690,310         | 4,650,591          | 4,800,825            |
| i) Non-controlling interest in subsidiaries in the shareholders' equity                         | 20,535            | 39,257            | 38,187             | 35,017               |
| Shareholders' equity under New BR GAAP  | 4,878,772         | 4,729,567         | 4,688,778          | 4,835,842            |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | Quarter<br>ended<br>March 31,<br>2010 | Quarter<br>ended<br>March 31,<br>2009 |
|--|---------------------------------------|---------------------------------------|
| Net income   |                                       |                                       |
| Net income under previous GAAP                                 | 140,531                               | 91,159                                |
| Adoption of New BR GAAP effects:                               |                                       |                                       |
| a) Recognition of provision for assets retirement obligation   | (914 )                                | (377 )                                |
| b) Measurement of property, plant and equipment:               |                                       |                                       |
| b.1) Borrowing costs capitalization                            | 753                                   | 1,116                                 |
| b.2) Recognition of inflation 1996/1997                        | (199 )                                | (649 )                                |
| c) Write-off of investments in progress                        | (101 )                                | (385 )                                |
| d) Recognition of provision for contingencies                  | (159 )                                | (172 )                                |
| e) Business Combination – Texaco acquisition                   | (7,090 )                              | -                                     |
| f) Loyalty program   | (6,960 )                              | -                                     |
| g) Other effects, net  | 1,204                                 | 1,462                                 |
| h) Deferred income and social contribution tax                 | (1,830 )                              | (338 )                                |
| Total  | (15,296 )                             | 657                                   |
| Net income, excluding non-controlling interest in subsidiaries | 125,235                               | 91,816                                |
| i) Non-controlling interest in subsidiaries in the net income  | (3,193 )                              | 1,355                                 |
| Net income under New BR GAAP                                   | 122,042                               | 93,171                                |

The notes below describe the main effects resulting from the adoption of the New BR GAAP:

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 New BR GAAP purposes, a provision must be recognized 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 interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Measurement of property, plant and equipment

b.1) Under 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 CPC 20 (Borrowing Costs). Borrowing costs capitalized in accordance with the prior accounting practices were written off in the opening balance sheet (see Note 2.1.c).

b.2) 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

For the prior accounting practices purposes, the Company capitalized the following items:

- Sundry expenses incurred for Texaco acquisition, which were integrated into goodwill; and
- Expenses on the Comperj project, which is related to the future development of a joint business with other companies for the construction of a petrochemical complex.

For New BR GAAP purposes, the expenses described above do not meet the conditions for capitalization and must be recognized in income when incurred.

d. Recognition of provisions for contingencies

For New BR GAAP purposes, a provision for contingencies is recognized when the probability that an obligation exists exceeds 50%, while, under the prior accounting practices, a provision was recognized when the likelihood of loss was deemed probable.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## e. 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 for an amount of R\$ 1,355,509. This acquisition allowed an expansion of the Company's fuel and lubricant distribution business to the Central-West, Northeast and North Regions of Brazil and an increase in its operating scale, which resulted in benefits for the Company and its resellers, customers, consumers and community.

For the prior accounting practices purposes, 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 New BR GAAP 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 entity 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 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim 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,<br>net of deferred taxes effects  | 264,327    |
| Goodwill difference between New BR GAAP and prior<br>accounting practices   | (86,568 )  |
| Goodwill recorded under New BR GAAP   | 177,759    |
| Difference between the market value and the carrying value of<br>the assets (treated similarly between prior accounting practices<br>and New BR GAAP) | 344,418    |

f. 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 New BR GAAP 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.

g. Other effects, net

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

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) above.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

i. Presentation of non-controlling interests in subsidiaries

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

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

j.Reversal of dividends payable in excess of the minimum mandatory dividends set by the Bylaws

Under the prior accounting practices, at the closing of each fiscal year, dividends and interest on capital proposed by the management, even if not approved at a General Meeting, were recognized as liabilities.

For New BR GAAP purposes, dividends and interest on capital are only recognized when the legal obligation is established; therefore, dividends and interest on capital proposed beyond the requirements of the Bylaws should only be recognized when approved at a General Meeting.

Furthermore, for consistency with the New BR GAAP and for a better presentation of the financial statements, certain reclassifications between accounts were made in the balance sheet, in the statement of income and in the statement of cash flows, which had been previously published.

3. Representation of interim financial statements and summary of main accounting practices

The interim financial statements were prepared according to the New BR GAAP, which includes the Brazilian Corporate Law, the standards, guidelines and interpretations issued by the Brazilian Accounting Standards Committee and the rules issued by the CVM, including the CPC's issued in 2009 and 2010, which are applicable in 2010 (see Note 2).

The Company's financial statements prepared under the New BR GAAP have only one difference from the IFRS, as expressly permitted by CPC 43, relating to the deferred charges accounted for by the Company, which, on the date of adoption of IFRS, were written off in the opening balance sheet, and the respective amortization was reversed in the subsequent periods (see Note 3.i).

The following is a summary of significant accounting practices followed in the preparation of the financial statements:

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

a. Recognition of income

Income is recognized on the accrual basis. Revenues from sales and costs are recognized as income when all risks and benefits associated with the products are transferred to the purchaser. Revenues from services provided and their costs are recognized as income when the services are performed. 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 5 for further detail on cash equivalents of the Company and its subsidiaries.

c. Financial instruments

In accordance with Resolution CVM 604/09, 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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 hedge cash flow 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. Gains and losses recorded in the shareholders' equity are included in income, in case of financial instruments prepayment.

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 5, 16, and 23.

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 or market 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 3.r).

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 12).

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





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 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.2).

Depreciations are calculated using the straight-line method, for the periods mentioned in Note 13, taking into account the economic life of the assets, as periodically revised in accordance with ICPC 10 and applied on January 1, 2010. The methodology applied by the independent valuer 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 assets. The following groups were subject to revision:

|   | Weighted<br>average term of<br>depreciation<br>(years) - previous | Weighted<br>average term of<br>depreciation<br>(years) - revised |
|---|---|--|
| Buildings   | 25  | 25   |
| Leasehold improvements  | 14  | 11   |
| Machinery and equipment                                       | 10  | 11   |
| Light fuel/lubricant distribution<br>equipment and facilities | 10  | 14   |
| LPG tanks and bottles   | 10  | 13   |
| Vehicles  | 5   | 9  |
| IT equipment  | 5   | 5  |

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

## 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 13. 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 16.h).



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- 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 24.d).

h. Intangible assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the following criteria (see Note 14):

- Goodwill is carried at the original value net of income and social contribution taxes less 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 CPC 15, 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 do not have intangible assets that were created internally or that have an indefinite useful life.

i. Deferred charges

Deferred charges include restructuring costs that will produce benefits in future years (see Note 15). As permitted by the CPC 43, the Company and its subsidiaries decided to maintain the balances existing as of December 31, 2008 until they are fully amortized and, therefore, the financial statements under New BR GAAP contain this temporary difference in relation to IFRS.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

j. 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 interim 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.

k. 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 10.b).

l. 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 the tanks are installed. The amount is recorded in assets 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.

m. 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 managers and internal and external legal counsel, and the values are recorded based on evaluation of the outcomes of the legal proceedings (see Note 24.a).

n. 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 25.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

o. Basis for translating interim 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 interim 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 the shareholders' equity as cumulative translation adjustments as of March 31, 2010 was R\$ 19,047 of exchange rate loss (R\$ 5,302 loss as of December 31, 2009).

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 gain recognized as income as of March 31, 2010 amounted to R\$ 609 (R\$ 428 loss as of March 31, 2009).

p. Use of estimates

The preparation of interim financial statements requires the Company's management to make estimates and assumptions that affect the values of assets and liabilities presented as of the date of the interim financial statements, as well as the values of revenues, costs and expenses for the periods presented. Although these estimates are based on the best information available to management about present and future events, the actual results may differ from these estimates.

q. Impairment of assets

The Company reviews, at least annually, the carrying value of assets for 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.

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 8). 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.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 4. Principles of consolidation and investments in affiliates

The consolidated interim financial statements were prepared following the basic principles of consolidation established by the Brazilian Corporate Law and CVM rules, including the following direct and indirect subsidiaries:

|   | Location       | % interest in the share capital<br>Mar. 31, 2010 |                  | % interest in the share capital<br>Dec. 31, 2009 |                  |
|---|----------------|--|------------------|--|------------------|
|   |                | Direct control                                   | Indirect control | Direct control                                   | Indirect control |
| Ultracargo - Operações Logísticas e Participações Ltda.     | Brazil         | 100  | -                | 100  | -                |
| 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              |
| Terminal Químico de Aratu S.A. – Tequimar                   | Brazil         | -  | 99               | -  | 99               |
| União Vopak Armazéns Gerais Ltda. (*)                       | Brazil         | -  | 50               | -  | 50               |
| Ultracargo Argentina S.A.                                   | Argentina      | -  | 100              | -  | 100              |
| Melamina Ultra S.A. Indústria Química                       | Brazil         | -  | 99               | -  | 99               |
| Oxiten S.A. Indústria e Comércio                            | Brazil         | 100  | -                | 100  | -                |
| Oxiten Nordeste S.A. Indústria e Comércio                   | Brazil         | -  | 99               | -  | 99               |
| Oxiten Argentina Sociedad de Responsabilidad Ltda.          | Argentina      | -  | 100              | -  | 100              |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil         | -  | 100              | -  | 100              |
| Barrington S.L.   | Spain          | -  | 100              | -  | 100              |
| Oxiten México S.A. de C.V.                                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten Servicios Corporativos S.A. de C.V.                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten Servicios Industriales S.A. de C.V.                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten USA LLC  | United States  | -  | 100              | -  | 100              |
| Global Petroleum Products Trading Corp. (**)                | Virgin Islands | -  | 100              | -  | 100              |
| Oxiten Overseas Corp.                                       | Virgin Islands | -  | 100              | -  | 100              |
| Oxiten Andina, C.A.   | Venezuela      | -  | 100              | -  | 100              |



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|  |                |     |     |     |     |
|--|----------------|-----|-----|-----|-----|
| Oxiten Europe SPRL   | Belgium        | -   | 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 |
| Ipiranga Produtos de Petróleo S.A. am/pm Comestíveis Ltda. | Brazil         | 100 | -   | 100 | -   |
| Centro de Conveniências Millennium Ltda.                   | Brazil         | -   | 100 | -   | 100 |
| Conveniência Ipiranga Norte Ltda.                          | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Trading Limited                                   | Virgin Islands | -   | 100 | -   | 100 |
| Tropical Transportes Ipiranga Ltda.                        | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Imobiliária Ltda.                                 | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Logística Ltda.                                   | Brazil         | -   | 100 | -   | 100 |
| Maxfácil Participações S.A. (*)                            | Brazil         | -   | 50  | -   | 50  |
| Isa-Sul Administração e Participações Ltda.                | Brazil         | -   | 100 | -   | 100 |
| Comercial Farroupilha Ltda.                                | Brazil         | -   | -   | -   | 100 |
| Companhia Ultragaz S.A.                                    | Brazil         | -   | 99  | -   | 99  |
| Bahiana Distribuidora de Gás Ltda.                         | Brazil         | -   | 100 | -   | 100 |
| Utingás Armazenadora S.A.                                  | Brazil         | -   | 56  | -   | 56  |
| LPG International Inc.                                     | Cayman Islands | -   | 100 | -   | 100 |
| Imaven Imóveis Ltda.                                       | Brazil         | -   | 100 | -   | 100 |
| Sociedade Anônima de Óleo Galena-Signal                    | Brazil         | -   | 100 | -   | 100 |
| Oil Trading Importadora e Exportadora Ltda.                | Brazil         | -   | 100 | -   | 100 |
| SERMA - Ass. dos usuários equip. proc. de dados            | Brazil         | -   | 100 | -   | 100 |
| Refinaria de Petróleo Riograndense S.A. (*)                | Brazil         | 33  | -   | 33  | -   |

(\*)Proportionate consolidation, as specified in Article 32 of Instruction CVM 247/96.

(\*\*)New corporate name of Oxiten International Corp., according to changes in December 2009.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

In March 2010, in order to simplify the corporate structure and reduce costs, the subsidiary Comercial Farroupilha Ltda. was merged into the subsidiary Ipiranga Produtos de Petróleo S.A. (“IPP”).

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 by subsidiaries is indicated in the interim financial statements.

## 5. 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 |            |
|-----------------------------------|------------|------------|--------------|------------|
|                                   | 03/31/2010 | 12/31/2009 | 03/31/2010   | 12/31/2009 |
| Cash and banks                    |            |            |              |            |
| In local currency                 | -          | 23         | 65,783       | 102,888    |
| In foreign currency               | -          | -          | 15,086       | 25,452     |
| Financial investments             |            |            |              |            |
| In local currency                 |            |            |              |            |
| Fixed-income securities and funds | 32,307     | 58,903     | 1,419,527    | 1,759,159  |
| Total cash and cash equivalents   | 32,307     | 58,926     | 1,500,396    | 1,887,499  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim 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 |            |
|--|------------|------------|--------------|------------|
|  | 03/31/2010 | 12/31/2009 | 03/31/2010   | 12/31/2009 |
| Financial investments  |            |            |              |            |
| In local currency  |            |            |              |            |
| Fixed-income securities and funds                              | 20,000     | -          | 189,649      | 228,556    |
| In foreign currency  |            |            |              |            |
| Fixed-income securities and funds                              | -          | -          | 215,042      | 206,171    |
| Income from currency and interest rate hedging instruments (a) | -          | -          | 14,017       | 12,723     |
| Total of financial investments                                 | 20,000     | -          | 418,708      | 447,450    |
| Current  | 20,000     | -          | 411,515      | 440,257    |
| Non-current  | -          | -          | 7,193        | 7,193      |

(a) Accumulated gains, net of income tax (see Note 23).

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 |            |
|---|--------------|------------|
|   | 03/31/2010   | 12/31/2009 |
| Measured at fair value through income   | 1,433,544    | 1,771,882  |
| Held to maturity                        | 7,193        | 7,193      |
| Available for sale                      | 397,498      | 427,534    |
| Financial assets, except cash and banks | 1,838,235    | 2,206,609  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

6. Trade account receivable (Consolidated)

|                                     | 03/31/2010 | 12/31/2009 |
|-------------------------------------|------------|------------|
| Domestic customers                  | 1,481,623  | 1,511,872  |
| Customer financing - Ipiranga       | 192,071    | 194,429    |
| Foreign customers                   | 107,507    | 112,819    |
| (-) Allowance for doubtful accounts | (116,601 ) | (114,460 ) |
|                                     | 1,664,600  | 1,704,660  |
| Current                             | 1,588,988  | 1,618,283  |
| Non-current                         | 75,612     | 86,377     |

Customer financing is provided for renovation and upgrading of service stations, purchase of products, and development of the fuel and lubricant distribution market.

Movements in the allowance for doubtful accounts are as follows:

|                                 |          |
|---------------------------------|----------|
| Balance as of December 31, 2009 | 114,460  |
| Additions                       | 4,811    |
| Write-offs                      | (2,670 ) |
| Balance as of March 31, 2010    | 116,601  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | 03/31/2010 |                       |                | 12/31/2009 |                       |                |
|---|------------|-----------------------|----------------|------------|-----------------------|----------------|
|   | Cost       | Provision<br>for loss | Net<br>balance | Cost       | Provision<br>for loss | Net<br>balance |
| Finished goods                                    | 181,302    | (13,164 )             | 168,138        | 205,265    | (19,649 )             | 185,616        |
| Work in process                                   | 3,322      | -                     | 3,322          | 1,925      | -                     | 1,925          |
| Raw materials                                     | 127,478    | (74 )                 | 127,404        | 124,141    | (52 )                 | 124,089        |
| Liquefied petroleum gas (LPG)                     | 22,055     | -                     | 22,055         | 24,769     | -                     | 24,769         |
| Fuels, lubricants and greases                     | 557,590    | (837 )                | 556,753        | 477,017    | (1,310 )              | 475,707        |
| Consumable materials and<br>bottles for<br>resale | 36,797     | (970 )                | 35,827         | 39,167     | (1,039 )              | 38,128         |
| Advances to suppliers                             | 86,677     | -                     | 86,677         | 77,865     | -                     | 77,865         |
| Properties for resale                             | 11,781     | -                     | 11,781         | 14,082     | -                     | 14,082         |
|   | 1,027,002  | (15,045 )             | 1,011,957      | 964,231    | (22,050 )             | 942,181        |

Movements in the provision for loss are as follows:

|                                 |          |
|---------------------------------|----------|
| Balance as of December 31, 2009 | 22,050   |
| Write-offs                      | (7,005 ) |
| Balance as of March 31, 2010    | 15,045   |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 8. Recoverable taxes

Are substantially represented by credit balances of Tax on Goods and Services (ICMS), Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), and Income and Social Contribution Taxes.

|  | Parent     |            | Consolidated |            |
|--|------------|------------|--------------|------------|
|  | 03/31/2010 | 12/31/2009 | 03/31/2010   | 12/31/2009 |
| IRPJ and CSLL  | 58,889     | 55,365     | 122,955      | 108,776    |
| ICMS   | -          | -          | 232,686      | 241,389    |
| Provision for ICMS losses (*)  | -          | -          | (70,024 )    | (70,986 )  |
| Adjustment to present value of ICMS on property, plant and equipment - CIAP (see Notes 3.r)    | -          | -          | (3,996 )     | (3,830 )   |
| PIS and COFINS   | 21         | 21         | 78,104       | 78,684     |
| Value-Added Tax (IVA) on the subsidiaries Oxiteno Mexico S.A. de C.V. and Oxiteno Andina, C.A. | -          | -          | 7,484        | 9,762      |
| IPI  | -          | -          | 2,741        | 3,721      |
| Others   | 20         | 20         | 5,676        | 5,821      |
| Total  | 58,930     | 55,406     | 375,626      | 373,337    |
| Current  | 37,344     | 38,245     | 310,490      | 320,161    |
| Non-current  | 21,586     | 17,161     | 65,136       | 53,176     |

(\*)The provision for ICMS losses relates to credit balances that the subsidiaries estimate to be unable to offset in the future.

Movements in the provision for ICMS losses are as follows:

|                                 |        |
|---------------------------------|--------|
| Balance as of December 31, 2009 | 70,986 |
| Reversals                       | (653 ) |
| Write-offs                      | (309 ) |
| Balance as of March 31, 2010    | 70,024 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

9. Related parties

a. Related companies

|                                    | Loans /<br>Account<br>receivables<br>Assets | Parent<br>Debentures<br>Assets | Financial<br>income |
|------------------------------------|---|--------------------------------|---------------------|
| Ipiranga Produtos de Petróleo S.A. | -   | 750,000                        | 23,566              |
| Total as of March 31, 2010         | -   | 750,000                        | 23,566              |
| Total as of December 31, 2009      | 5,188                                       | 768,894                        | -                   |

|  | Consolidated |             |                         |         |
|--|--------------|-------------|-------------------------|---------|
|  | Loans        |             | Commercial transactions |         |
|  | Assets       | Liabilities | Receivable              | Payable |
| Braskem S.A.                               | -            | -           | -                       | 3,497   |
| Copagaz Distribuidora de Gas Ltda.         | -            | -           | 374                     | -       |
| Oxicap Indústria de Gases Ltda.            | 8,856        | -           | -                       | 796     |
| Petróleo Brasileiro S.A. – Petrobras       | -            | -           | -                       | 241,344 |
| Quattor Química S.A.                       | -            | -           | -                       | 1,363   |
| Refinaria de Petróleo Riograndense S.A.(*) | -            | -           | -                       | 4,058   |
| SHV Gás Brasil Ltda.                       | -            | -           | 112                     | -       |
| Liquigás Distribuidora S.A.                | -            | -           | 276                     | -       |
| Química da Bahia Indústria e Comércio S.A. | -            | 3,245       | -                       | -       |
| Other                                      | 520          | 826         | 67                      | -       |
| Total as of March 31, 2010                 | 9,376        | 4,071       | 829                     | 251,058 |
| Total as of December 31, 2009              | 7,606        | 4,071       | 504                     | 284,843 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | Consolidated<br>Commercial transactions |                  |
|---|---|------------------|
|   | Sales                                   | Purchases        |
| Copagaz Distribuidora de Gas Ltda.          | 1,013                                   | -                |
| Petróleo Brasileiro S.A. - Petrobras        | 27,999                                  | 5,858,988        |
| Braskem S.A.                                | 3,528                                   | 150,577          |
| Oxicap Indústria de Gases Ltda.             | 2                                       | 2,756            |
| Servgás Distribuidora de Gas S.A.           | 248                                     | -                |
| Liquigás Distribuidora S.A.                 | 1,217                                   | -                |
| SHV Gás Brasil Ltda.                        | 431                                     | -                |
| Refinaria de Petróleo Riograndense S.A. (*) | -                                       | 222,051          |
| Quattor Química S.A.                        | 4,412                                   | 31,560           |
| <b>Total as of March 31, 2010</b>           | <b>38,850</b>                           | <b>6,265,932</b> |
| <b>Total as of March 31, 2009</b>           | <b>20,776</b>                           | <b>4,128,623</b> |

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

Purchase and sale transactions relate substantially to the purchase of raw materials, inputs, transportation and storage services based on arm's length market prices and terms with customers and suppliers with comparable operational performance. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company's management, transactions with related parties are not subject to settlement risk, which is why no allowance for doubtful accounts or collaterals are provided. Collaterals provided by the Company in borrowings and financing of subsidiaries and affiliates are mentioned in Note 16.j.) The transactions of the Company and its subsidiaries related to post-employment benefits are described in Note 25.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Key management personnel - Compensation (Consolidated)

As of March 31, 2010, the Company and its subsidiaries recorded expenses for compensation of its key personnel (Company's directors and designated officers) in the amount of R\$ 5,938 (R\$ 5,081 as of March 31, 2009). Out of this total, R\$ 5,189 relates to short-term compensation (R\$ 4,522 as of March 31, 2009), R\$ 588 to compensation in stock (R\$ 415 as of March 31, 2009) and R\$ 161 (R\$ 144 as of March 31, 2009) to post-employment benefits.

## c. Stock compensation plan

At a Special General Meeting held on November 26, 2003, a benefit plan was approved for managers of the Company and its subsidiaries, which provides: (i) initial award of beneficial ownership of shares issued by the Company held in treasury by the subsidiaries at which the beneficiary managers are employed; and (ii) transfer of title to the shares within five to ten years after the initial award, subject to continuation of employment of the beneficiary manager with the Company and its subsidiaries. The total amount awarded to executives as of March 31, 2010, including tax charges, was R\$ 29,562 (R\$ 29,562 as of December 31, 2009). Such amount is being amortized over a period of five to ten years after the award, and amortization for the period ended in March 31, 2010 in the amount of R\$ 1,095 (R\$ 618 as of March 31, 2009) was recorded as operating expense for the year. The values of the awards were determined on the date of award based on the market value of these shares on the BM&FBovespa.

The chart below summarizes the information on the shares awarded to executives of the Company:

| Date of award     | Restricted<br>shares<br>awarded | Market<br>value<br>of shares (in<br>R\$ ) | Total  |   | Accumulated                           |
|-------------------|---------------------------------|---|--|---|---------------------------------------|
|                   |                                 |   | compensation<br>costs,<br>including<br>taxes | Accumulated<br>compensation<br>costs recorded | compensation<br>costs not<br>recorded |
| December 15, 2009 | 62,500                          | 83.00                                     | 7,155  | (405 )  | 6,750                                 |
| October 7, 2008   | 174,000                         | 39.97                                     | 9,593  | (2,444 )                                      | 7,149                                 |
| December 12, 2007 | 40,000                          | 64.70                                     | 3,570  | (1,415 )                                      | 2,155                                 |
| November 9, 2006  | 51,800                          | 46.50                                     | 3,322  | (1,135 )                                      | 2,187                                 |
| December 14, 2005 | 23,400                          | 32.83                                     | 1,060  | (459 )  | 601                                   |
| October 4, 2004   | 41,975                          | 40.78                                     | 2,361  | (1,299 )                                      | 1,062                                 |
| December 17, 2003 | 59,800                          | 30.32                                     | 2,501  | (1,584 )                                      | 917                                   |
|                   | 453,475                         |   | 29,562                                       | (8,741 )                                      | 20,821                                |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 10. Income and social contribution taxes

## a. Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to limitation periods, resulting from tax losses, temporary additions, negative tax bases and revaluation of property, plant and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred income tax and social contribution are recorded under the following categories:

|   | Parent     |            | Consolidated   |                |
|---|------------|------------|----------------|----------------|
|   | 03/31/2010 | 12/31/2009 | 03/31/2010     | 12/31/2009     |
| Assets - Deferred income and social contribution taxes on:                    |            |            |                |                |
| Provision for loss of assets  | -          | -          | 23,972         | 26,383         |
| Provisions for contingencies  | 161        | 147        | 57,380         | 68,695         |
| Provision for post-employment benefit (see Note 25.b)                         | -          | -          | 29,165         | 23,563         |
| Provision for differences between cash and accrual basis                      | -          | -          | 15,374         | 15,015         |
| Provision for goodwill paid on investments (see Note 14)                      | -          | -          | 369,221        | 390,267        |
| Other provisions  | -          | 84         | 22,785         | 35,389         |
| Tax losses and negative basis for social contribution to offset               | 589        | -          | 103,232        | 82,203         |
| Transition Tax Regime effect – adoption of New BRGAAP effect (see Note 2.2.h) |            |            | 51,227         | 53,056         |
| <b>Total</b>  | <b>750</b> | <b>231</b> | <b>672,356</b> | <b>694,571</b> |
| Liabilities - Deferred income and social contribution taxes on:               |            |            |                |                |
| Revaluation of property, plant and equipment                                  | -          | -          | 400            | 421            |
| Accelerated depreciation  | -          | -          | 120            | 125            |
| Provision for adjustments between cash and accrual basis                      | -          | -          | 5,811          | 4,753          |
| Temporary differences of foreign subsidiaries                                 | -          | -          | 2,680          | 1,645          |
| Transition Tax Regime effect – adoption Law 11638/07                          | -          | -          | 10,187         | 6,552          |
| <b>Total</b>  | <b>-</b>   | <b>-</b>   | <b>19,198</b>  | <b>13,496</b>  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The estimated recovery of deferred tax assets relating to income and social contribution taxes is stated as follows:

|                    | Parent | Consolidated |
|--------------------|--------|--------------|
| Up to 1 year       | 589    | 233,705      |
| From 1 to 2 years  | -      | 118,651      |
| From 2 to 3 years  | 161    | 101,577      |
| From 3 to 5 years  | -      | 147,593      |
| From 5 to 7 years  | -      | 48,010       |
| From 7 to 10 years | -      | 22,820       |
|                    | 750    | 672,356      |

b. Conciliation of income and social contribution taxes on income

Income and social contribution taxes are reconciled to the official tax rates as follows:

|  | Parent     |            | Consolidated |            |
|--|------------|------------|--------------|------------|
|  | 03/31/2010 | 03/31/2009 | 03/31/2010   | 03/31/2009 |
| Income (loss) before taxes and equity in income of affiliates, after employee profit sharing | (1,523 )   | (25,947 )  | 173,179      | 122,911    |
| Official tax rates - %   | 34         | 34         | 34           | 34         |
| Income and social contribution taxes at the official tax rates                               | 518        | 8,822      | (58,880 )    | (41,790 )  |
| Adjustments to the actual rate:  |            |            |              |            |
| Operating provisions and nondeductible expenses/nontaxable revenues                          | (4 )       | -          | (5,429 )     | 315        |
| Adjustment to estimated income   | -          | -          | 6,151        | 2,773      |
| Interest on equity   | -          | (8,160 )   | -            | -          |
| Workers Meal Program (PAT)   | -          | -          | 41           | 120        |
| Other adjustments  | 1          | -          | (164 )       | 2,008      |
| Income and social contribution taxes before tax incentives                                   | 515        | 662        | (58,281 )    | (36,574 )  |
| Tax incentives - ADENE   | -          | -          | 7,119        | 6,934      |
| Income and social contribution taxes in the income statement                                 | 515        | 662        | (51,162 )    | (29,640 )  |
| Current  | (4 )       | -          | (30,915 )    | (28,780 )  |

|                        |     |     |           |          |
|------------------------|-----|-----|-----------|----------|
| Deferred               | 519 | 662 | (27,366 ) | (7,794 ) |
| Tax incentives - ADENE | -   | -   | 7,119     | 6,934    |

c. Tax exemption

The following subsidiaries are entitled to partial or total exemption from IRPJ under the government's program for development of Northeastern Brazil:

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| Subsidiary                                 | Units          | Incentive -<br>% | Expiration |
|--|----------------|------------------|------------|
| Oxiteno Nordeste S.A. Indústria e Comércio | Camaçari plant | 75               | 2016       |
| Bahiana Distribuidora de Gás Ltda.         | Mataripe base  | 75               | 2013       |
|  | Suape base     | 75               | 2018       |
|  | Aracaju base   | 75               | 2017       |
|  | Caucaia base   | 75               | 2012       |
| Terminal Químico de Aratu S.A. – Tequimar  | Aratu terminal | 75               | 2012       |
|  | Suape terminal | 75               | 2015       |

## 11. Prepaid expenses (Consolidated)

|  | 03/31/2010 | 12/31/2009 |
|--|------------|------------|
| Rents  | 35,707     | 34,336     |
| Advertising and publicity                    | 17,712     | 2,614      |
| Insurance premiums                           | 10,455     | 3,213      |
| Purchases of meal and transportation tickets | 3,305      | 3,443      |
| Taxes and other prepaid expenses             | 15,835     | 14,170     |
|  | 83,014     | 57,776     |
| Current                                      | 47,548     | 22,832     |
| Non-current                                  | 35,466     | 34,944     |

## 12. Investments

## a. Subsidiaries (Parent company)

|   | Investments |            | Equity     |            |
|---|-------------|------------|------------|------------|
|   | 03/31/2010  | 12/31/2009 | 03/31/2010 | 03/31/2009 |
| Ipiranga Produtos de Petróleo                           | 2,785,156   | 2,695,790  | 103,919    | -          |
| Oxiteno S.A. Indústria e Comércio                       | 1,543,283   | 1,556,550  | 358        | 9,294      |
| Ultracargo – Operações Logísticas e Participações Ltda. | 674,504     | 655,748    | 18,735     | 6,912      |
| Sociedade Brasileira de Participações Ltda.             | -           | -          | -          | (17,076 )  |
| Refinaria de Petróleo Riograndense S.A.                 | 2,522       | (2,623 )   | 3,231      | 3,417      |
| Companhia Brasileira de Petróleo Ipiranga               | -           | -          | -          | 114,554    |

|           |           |         |         |
|-----------|-----------|---------|---------|
| 5,005,465 | 4,905,465 | 126,243 | 117,101 |
|-----------|-----------|---------|---------|

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Affiliated companies (Consolidated)

|  | Investments |            | Equity     |            |
|--|-------------|------------|------------|------------|
|  | 03/31/2010  | 12/31/2009 | 03/31/2010 | 03/31/2009 |
| Transportadora Sulbrasileira de Gás S.A. (i)   | 6,638       | 6,623      | 15         | (98 )      |
| Química da Bahia Indústria e Comércio S.A. (i) | 3,746       | 3,748      | (2 )       | (22 )      |
| Oxicap Indústria de Gases Ltda. (i)            | 2,102       | 2,090      | 12         | 20         |
|  | 12,486      | 12,461     | 25         | (100 )     |

(i) Interim financial statements reviewed by other independent auditors.

In the consolidated interim financial statements, the investment of the subsidiary Oxiteno S.A. Indústria e Comércio (“Oxiteno S.A.”) in the affiliate Oxicap Indústria de Gases Ltda. is valued by the equity method of accounting based on its interim financial statements as of February 28, 2010, while the other affiliates are valued based on the interim financial statements as of March 31, 2010.

## 13. Property, plant and equipment (Consolidated)

|   | Weighted<br>average<br>term<br>of<br>depreciation<br>(years) | 03/31/2010 |                             |                       | 12/31/2009 |           |
|---|--|------------|-----------------------------|-----------------------|------------|-----------|
|   |  | Cost       | Accumulated<br>depreciation | Provision<br>for loss | Net        | Net       |
| Lands   | -  | 397,020    | -                           | (197 )                | 396,823    | 396,127   |
| Buildings   | 25   | 1,064,058  | (431,231 )                  | -                     | 632,827    | 636,130   |
| Leasehold improvements(*)                                     | 11   | 366,114    | (176,450 )                  | -                     | 189,664    | 194,989   |
| Machinery and equipment(*)                                    | 11   | 2,467,951  | (1,014,244 )                | (1,697 )              | 1,452,010  | 1,439,338 |
| Light fuel/lubricant distribution<br>equipment and facilities | 14   | 1,360,326  | (791,868 )                  | -                     | 568,458    | 563,948   |
| LPG tanks and bottles   | 13   | 345,381    | (191,680 )                  | -                     | 153,701    | 135,709   |
| Vehicles  | 9  | 237,228    | (180,139 )                  | -                     | 57,089     | 55,813    |
| Furniture and utensils  | 6  | 96,082     | (55,963 )                   | -                     | 40,119     | 40,445    |
| Construction in progress                                      | -  | 238,900    | -                           | -                     | 238,900    | 201,010   |
| Advances to suppliers   | -  | 25,991     | -                           | -                     | 25,991     | 79,569    |
| Imports in progress   | -  | 71,835     | -                           | -                     | 71,835     | 4,738     |
| IT equipment  | 5  | 175,740    | (141,973 )                  | -                     | 33,767     | 36,684    |
|   |  | 6,846,626  | (2,983,548 )                | (1,894 )              | 3,861,184  | 3,784,500 |





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Movements in property, plant and equipment as of March 31, 2010 are as follows:

|  | Balance as<br>of Dec. 31,<br>2009 | Additions | Deprecia-<br>tion | Transfer  | Write-offs | Exchange<br>rate | Balance as<br>of Mar. 31,<br>2010 |
|--|-----------------------------------|-----------|-------------------|-----------|------------|------------------|-----------------------------------|
| <b>Cost:</b>                             |                                   |           |                   |           |            |                  |                                   |
| Lands                                    | 396,324                           | 391       | -                 | 147       | -          | 158              | 397,020                           |
| Buildings                                | 1,056,099                         | 1,834     | -                 | 6,595     | (107 )     | (363 )           | 1,064,058                         |
| Leasehold improvements                   | 363,849                           | 1,742     | -                 | 735       | (208 )     | (4 )             | 366,114                           |
| Machinery and equipment                  | 2,410,395                         | 35,601    | -                 | 23,771    | (1,694 )   | (122 )           | 2,467,951                         |
| <b>Light fuel/lubricant distribution</b> |                                   |           |                   |           |            |                  |                                   |
| equipment and facilities                 | 1,340,917                         | 20,804    | -                 | 711       | (2,106 )   | -                | 1,360,326                         |
| LPG tanks and bottles                    | 326,671                           | 24,084    | -                 | -         | (5,374 )   | -                | 345,381                           |
| Vehicles                                 | 238,006                           | 1,950     | -                 | 1,175     | (3,400 )   | (503 )           | 237,228                           |
| Furniture and utensils                   | 93,697                            | 2,358     | -                 | 50        | (65 )      | 42               | 96,082                            |
| Construction in progress                 | 201,010                           | 70,063    | -                 | (31,623 ) | (8 )       | (542 )           | 238,900                           |
| Advances to suppliers                    | 79,569                            | 10,270    | -                 | (63,848 ) | -          | -                | 25,991                            |
| Imports in progress                      | 4,738                             | 4,810     | -                 | 62,287    | -          | -                | 71,835                            |
| IT equipment                             | 175,722                           | 672       | -                 | -         | (265 )     | (389 )           | 175,740                           |
|  | 6,686,997                         | 174,579   | -                 | -         | (13,227 )  | (1,723 )         | 6,846,626                         |
| <b>Accumulated depreciation:</b>         |                                   |           |                   |           |            |                  |                                   |
| Buildings                                | (419,969 )                        | -         | (11,362 )         | -         | 100        | -                | (431,231 )                        |
| Leasehold improvements                   | (168,860 )                        | -         | (7,652 )          | -         | 62         | -                | (176,450 )                        |
| Machinery and equipment                  | (969,360 )                        | -         | (46,638 )         | -         | 976        | 778              | (1,014,244)                       |
| <b>Light fuel/lubricant distribution</b> |                                   |           |                   |           |            |                  |                                   |
| equipment and facilities                 | (776,969 )                        | -         | (16,866 )         | -         | 1,967      | -                | (791,868 )                        |
| LPG tanks and bottles                    | (190,962 )                        | -         | (4,148 )          | -         | 3,430      | -                | (191,680 )                        |
| Vehicles                                 | (182,193 )                        | -         | (947 )            | -         | 2,821      | 180              | (180,139 )                        |
| Furniture and utensils                   | (53,252 )                         | -         | (2,757 )          | -         | 52         | (6 )             | (55,963 )                         |
| Computer equipment                       | (139,038 )                        | -         | (3,352 )          | -         | 253        | 164              | (141,973 )                        |
|  | (2,900,603 )                      | -         | (93,722 )         | -         | 9,661      | 1,116            | (2,983,548)                       |
| <b>Provision for loss:</b>               |                                   |           |                   |           |            |                  |                                   |
| Lands                                    | (197 )                            | -         | -                 | -         | -          | -                | (197 )                            |
| Machinery and equipment                  | (1,697 )                          | -         | -                 | -         | -          | -                | (1,697 )                          |
|  | (1,894 )                          | -         | -                 | -         | -          | -                | (1,894 )                          |
| Net                                      | 3,784,500                         | 174,579   | (93,722 )         | -         | (3,566 )   | (607 )           | 3,861,184                         |

(\*) According to a market announcement of December 22, 2009, subsidiary Terminal Químico de Aratu S.A. - Tequimar (“Tequimar”) acquired from Puma Storage do Brasil Ltda. (“Puma”) a terminal for liquid bulk storage with capacity of 83 thousand cubic meters located in the port of Suape, Pernambuco. That was the date of effective transfer of assets ownership and purchase price payment of R\$ 44 million, of which R\$ 31 million was recorded as machinery

and equipment and \$ 13 million as improvements in leasehold properties.

Construction in progress relates substantially to: (i) expansions and renovations in industrial facilities and (ii) construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant and equipment relate basically to toll manufacturing of equipment for expansion of plants.

As permitted by Law 11638/07 and Resolution CVM 565/08, the Company decided to maintain the revaluation balances until their realization, through depreciation or write-off, and they became part of the cost value of the goods. As of March 31, 2010, the revaluation balance of property, plant and equipment was R\$ 20,311 (R\$ 20,503 as of December 31, 2009).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|                              | Weighted<br>average<br>term of<br>amortization<br>(years) | 03/31/2010 |                             |                         | 12/31/2009 |           |
|------------------------------|---|------------|-----------------------------|-------------------------|------------|-----------|
|                              |   | Cost       | Accumulated<br>amortization | Provision<br>for losses | Net        | Net       |
| Goodwill, net of tax effects | -   | 777,546    | (103,046 )                  | -                       | 674,500    | 674,500   |
| Software                     | 5   | 232,641    | (164,931 )                  | -                       | 67,710     | 70,034    |
| Technology                   | 5   | 23,694     | (8,381 )                    | -                       | 15,313     | 16,413    |
| Commercial property rights   | 33  | 16,334     | (3,456 )                    | -                       | 12,878     | 13,015    |
| Market rights                | 5   | 579,649    | (149,227 )                  | -                       | 430,422    | 427,832   |
| Others                       | 10  | 4,184      | (791 )                      | (1,518 )                | 1,875      | 1,899     |
|                              |   | 1,634,048  | (429,832 )                  | (1,518 )                | 1,202,698  | 1,203,693 |

Movements in intangible assets as of March 31, 2010 are as follows:

|  | Goodwill,<br>net of tax<br>effects | Software | Technology | Commercial<br>property<br>rights | Market<br>rights | Others | Total     |
|--|------------------------------------|----------|------------|----------------------------------|------------------|--------|-----------|
| Balance as of<br>December<br>31, 2009                  | 674,500                            | 70,034   | 16,413     | 13,015                           | 427,832          | 1,899  | 1,203,693 |
| Additions  | -                                  | 3,738    | -          | -                                | 35,000           | 7      | 38,745    |
| Amortization   | -                                  | (6,062 ) | (1,100 )   | (137 )                           | (32,410 )        | (31 )  | (39,740 ) |
| Balance as of<br>March<br>31, 2010                     | 674,500                            | 67,710   | 15,313     | 12,878                           | 430,422          | 1,875  | 1,202,698 |
| Weighted average<br>term of<br>amortization<br>(years) | -                                  | 5        | 5          | 33                               | 5                | 10     |           |

In the income for the quarter, the amount of R\$ 39,740 was recorded as amortization of intangible assets, of which R\$ 37,435 was classified as expenses, and the rest was allocated to production and service cost.

Goodwill from acquisition of companies was amortized as of December 31, 2008, when its amortization has been ceased, and the net remaining balance is tested annually for impairment analysis purposes.



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Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The Company has the following balances of goodwill as of March 31, 2010 and December 31, 2009, net of tax effects (see Note 10.a):

Goodwill on the acquisition of:

|                 |         |
|-----------------|---------|
| Ipiranga        | 276,724 |
| União Terminais | 211,089 |
| Texaco          | 177,759 |
| Others          | 8,928   |
|                 | 674,500 |

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

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

Commercial property rights include those described below:

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

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

Market rights refer mainly to bonus expenses as provided in Ipiranga’s agreements with reseller gas stations and major consumers. Bonus expenses are recorded when incurred and recognized as an expense in income over the term of the agreement (typically 5 years).

Research & development expenses amounted to R\$ 4,442 in the income for the period ended March 31, 2010 (R\$ 5,477 in the income as of March 31, 2009).



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 15.                 | Deferred charges (Consolidated)                           |        |                             |       |            |
|---------------------|---|--------|-----------------------------|-------|------------|
|                     |   |        | 03/31/2010                  |       | 12/31/2009 |
|                     | Weighted<br>average term<br>of<br>amortization<br>(years) | Cost   | Accumulated<br>amortization | Net   | Net        |
| Restructuring costs | 4   | 25,911 | (17,320 )                   | 8,591 | 9,819      |

Restructuring costs relate to the LPG distribution business, namely: (i) costs for expansion projects involving new regions of activity and (ii) costs for restructuring the home distribution network to increase the contribution margin and expand the bottled gas business through new dealers. Costs will be maintained in this group until they are fully amortized, which will occur in December 2013.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 16. Financing, debentures and finance lease (Consolidated)

## a. Composition

| Description                     | 03/31/2010 | 12/31/2009 | Index/Currency   | Weighted average financial charges Mar. 31, 2010 -% p.a. | Maturity     |
|---------------------------------|------------|------------|------------------|--|--------------|
| Foreign currency:               |            |            |                  |  |              |
| Notes in the foreign market (b) | 449,170    | 431,029    | US\$             | +7.2   | 2015         |
| Syndicated loan (c)             | 106,960    | 104,076    | US\$ + LIBOR (i) | +1.2   | 2011         |
| ACC                             | 106,881    | 118,640    | US\$             | +2.1   | <271 days    |
| ACE                             | 65,387     | 72,144     | US\$             | +2.1   | <149 days    |
| BNDES                           | 55,086     | 46,936     | US\$             | +5.9   | 2010 to 2016 |
| FINIMP – RPR                    | 17,094     | 16,588     | US\$             | +3.5   | 2010         |
| Financial institutions          | 15,659     | 12,166     | MX\$ + TIE (ii)  | +2.2   | 2010 to 2014 |
| Financial institutions          | 8,511      | 9,639      | US\$ + LIBOR (i) | +1.9   | 2010 to 2011 |
| FINIMP – Tequimar               | 847        | 814        | US\$             | +7.0   | 2012         |
| Financial institutions          | 509        | 1,011      | Bs (iii)         | +20.4  | 2010 to 2013 |
| BNDES (d)                       | 274        | 448        | UMBNDDES (iv)    | +8.0   | 2010 to 2011 |
| Subtotal                        | 826,378    | 813,491    |                  |  |              |
| Local currency:                 |            |            |                  |  |              |
| Debentures (e)                  | 1,215,750  | 1,187,866  | CDI              | 108.5  | 2012         |
| BNDES (d)                       | 1,106,263  | 1,027,418  | TJLP (v)         | +3.7   | 2010 to 2019 |
| Banco do Brasil – prefixed (f)  | 840,816    | -          | R\$              | +11.5  | 2012 to 2013 |
| Loan - MaxFácil                 | 113,055    | 110,816    | CDI              | 100.0  | 2010         |
| Banco do Nordeste do Brasil     | 109,290    | 112,602    | R\$              | +8.5(vi)   | 2018         |
| FINEP                           | 63,661     | 68,104     | TJLP (v)         | +0.9   |              |



|   |           |           |          |       | 2010 to<br>2014 |
|---|-----------|-----------|----------|-------|-----------------|
| Banco do Brasil – postfixed (f)                               | 57,113    | 532,185   | CDI      | 95.0  | 2010            |
| Working capital loan – União Vopak/RPR                        | 30,217    | 18,497    | CDI      | 121.3 | 2010 to<br>2013 |
| BNDES (d)   | 21,222    | 12,323    | R\$      | +4.8  | 2015 to<br>2019 |
| FINAME  | 12,104    | 16,680    | TJLP (v) | +3.2  | 2010 to<br>2013 |
| Postfixed finance lease (h)                                   | 10,447    | 13,240    | CDI      | +1.7  | 2010 to<br>2011 |
| Prefixed finance lease (h)                                    | 1,989     | 2,125     | R\$      | +13.6 | 2010 to<br>2014 |
| Others  | 1,757     | 2,159     | CDI      | +1.7  | 2010 to<br>2011 |
| Financial institutions  | -         | 2,180     | R\$      | +10.1 | 2010            |
| Caixa Econômica Federal (g)                                   | -         | 495,286   | CDI      | 120.0 | 2012            |
| Subtotal  | 3,583,684 | 3,601,481 |          |       |                 |
| Income from currency and interest rate<br>hedging instruments | 50,155    | 51,752    |          |       |                 |
| Total of financing, debentures and finance<br>lease           | 4,460,217 | 4,466,724 |          |       |                 |
| Current   | 754,350   | 1,144,214 |          |       |                 |
| Non-current   | 3,705,867 | 3,322,510 |          |       |                 |

(i) LIBOR = London Interbank Offered Rate.

(ii) MX\$ = Mexican Peso; TIE = Mexican interbank balance interest rate.

(iii) Bs = Venezuelan Bolivares Fortes.

(iv) UMBNDES = monetary unit of Banco Nacional de Desenvolvimento Econômico e Social (“BNDES”) is a “basket of currencies” representing the composition of foreign currency debt obligations of BNDES. As of March 2010, 96% of this composition reflected the U.S. dollar.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(v) TJLP = set by the National Monetary Council, TJLP is the basic financing cost of BNDES. On March 31, 2010, TJLP was fixed at 6% p.a.

(vi) Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to foster the development of the industrial sector, administered by Banco do Nordeste. On March 31, 2010, the FNE interest rate was 10% p.a. Over the interest, there is a compliance bonus of 15%.

The long-term amounts break down as follows by year of maturity:

|                   | 03/31/2010 | 12/31/2009 |
|-------------------|------------|------------|
| From 1 to 2 years | 949,221    | 919,214    |
| From 2 to 3 years | 2,030,784  | 1,701,962  |
| From 3 to 4 years | 117,959    | 111,216    |
| From 4 to 5 years | 68,407     | 66,603     |
| More than 5 years | 539,496    | 523,515    |
|                   | 3,705,867  | 3,322,510  |

As provided in Resolution CVM 556/08, the transaction costs and issue premiums associated with fund raising by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 16.i).

The Company's management contracted hedging against foreign exchange exposure and interest rate for some debt (see Note 23).

b. Notes in the foreign market

In December 2005, the subsidiary LPG International Inc. issued US\$ 250 million in notes in the foreign market, with maturity in December 2015 and financial charge of 7.25% p.a., paid semiannually, with the first payment due June 2006. The issue price was 98.75% of the face value of the note, which represented a total return of 7.429% p.a. for the investor at the time of issuance. The notes were secured by the Company and Oxiteno S.A.

As a result of the issuance of notes in the foreign market, the Company and its subsidiaries, as mentioned above, are subject to certain commitments, including:

• Limitation of transactions with shareholders owning more than 5% of any class of stock of the Company that are not as favorable to the Company as available in the market.

• Required resolution of the Board of Directors for transactions with related parties in an amount exceeding US\$ 15 million (except for transactions of the Company with subsidiaries and between subsidiaries).

- Restriction on transfer of all or substantially all assets of the Company and its subsidiaries.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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

The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

c. Syndicated loan

In June 2008, the subsidiary Oxiteno Overseas renewed the syndicated loan contracted in June 2005 in the amount of US\$ 60 million. The syndicated loan has maturity in June 2011 and financial charge of LIBOR + 1.25% p.a. The Company contracted instruments of protection with floating interest rate in dollar and exchange rate variation, changing the syndicated loan charge to 99.5% of CDI (see Note 23). The syndicated loan is secured by the Company and subsidiary Oxiteno S.A.

As a result of the issuance of the syndicated loan, some obligations other than those in Note 16.b) must be maintained by the Company:

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

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

The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

d. BNDES

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

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

- capitalization level: shareholders' equity / total assets equal to or above 0.30; and
- current liquidity level: current assets / current liabilities equal to or above 1.3.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

e. Debentures

In June 2009, the Company made its third issuance of debentures, in a single series of 1,200 simple, nonconvertible into shares, unsecured debentures with the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | May 19, 2012               |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 100% CDI + 3.0% p.a.       |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

The funds obtained with this issuance were used for prepaid payment, in June 2009, of 120 Promissory Notes in the total amount of R\$ 1,200,000 issued by the Company in December 2008.

In December 2009, the Company concluded the review of certain terms and conditions of its third issuance of debentures. Thus, the interest of the debentures was reduced to 108.5% CDI and its maturity date was extended to December 4, 2012. The debentures have annually interest payments and amortization in one single tranche at the maturity date, as according to the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | December 4, 2012           |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 108,5% CDI                 |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

f. Banco do Brasil

The subsidiary IPP has loans with Banco do Brasil to finance the commercialization, processing or industrialization of agricultural goods (ethanol). During the first quarter of 2010 IPP raised an additional R\$ 500 million, and re-contracted loans, whose maturities would occur during this period, in the amount of R\$ 353.0 million. The additional and re-contracted loans have maturity from 2 up to 3 years and average fixed rate of 11.5% p.a. The subsidiary IPP has contracted an instrument of protection of interest rate, converting the charges of those loans to 98.5% of CDI (see Note 23). Subsidiary IPP designates hedging instruments as fair value hedge; accordingly, both loans and hedging instruments are presented at their fair value calculated from the agreement date.

g. Caixa Econômica Federal

In March 2010, the subsidiary IPP paid in advance the loan with Caixa Econômica Federal.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## h. Finance leases

The subsidiaries IPP, Tequimar and Serma have finance lease contracts primarily related to fuel distribution equipment, such as tanks, pumps, VNG compressors, IT equipment and vehicles. These contracts have terms between 36 and 60 months.

The subsidiaries have the option to purchase the assets at a price substantially lower than the fair market price on the date of option, and management intends to exercise such option. No restrictions are imposed on these agreements.

The amounts of the equipments, net of depreciation, and of the liabilities corresponding to such equipment, recorded as of March 31, 2010 and December 31, 2009, are shown below:

|                               | 03/31/2010                  |                           | 12/31/2009                  |                           |
|-------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                               | Fuel distribution equipment | IT equipment and vehicles | Fuel distribution equipment | IT equipment and vehicles |
| Equipment net of depreciation | 21,736                      | 3,298                     | 22,470                      | 3,685                     |
| Financing                     | 10,446                      | 1,990                     | 13,151                      | 2,214                     |
| Current                       | 8,819                       | 572                       | 10,079                      | 649                       |
| Non-current                   | 1,627                       | 1,418                     | 3,072                       | 1,565                     |

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 03/31/2010                  |                           | 12/31/2009                  |                           |
|------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                  | Fuel distribution equipment | IT equipment and vehicles | Fuel distribution equipment | IT equipment and vehicles |
| Up to 1 year     | 9,017                       | 789                       | 10,308                      | 884                       |
| More than 1 year | 1,662                       | 1,653                     | 3,140                       | 1,849                     |
|                  | 10,679                      | 2,442                     | 13,448                      | 2,733                     |

The above installments include the amounts of ISS payable on the monthly installments.





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## i. Transaction costs

Transaction costs incurred in obtaining financial resources were deducted from the value of the financial instrument and recorded as expense according to the effective rate, as follows:

|                                 | Effective<br>rate of<br>transaction<br>costs (%<br>p.a.) |   | Balance as<br>of<br>Dec. 31,<br>2009 | Incurred<br>cost | Amortization   | Balance as<br>of<br>Mar. 31,<br>2010 |
|---------------------------------|--|---|--------------------------------------|------------------|----------------|--------------------------------------|
| Debentures (e)                  | 0.6  | % | 19,844                               | -                | (1,382)        | 18,462                               |
| Caixa Econômica Federal 1       | 0.8  | % | 8,071                                | -                | (8,071)        | -                                    |
| Notes in the foreign market (b) | 0.2  | % | 5,148                                | -                | (102)          | 5,046                                |
| Banco do Brasil – postfixed     | 0.2  | % | 94                                   | -                | (94)           | -                                    |
| Banco do Brasil – prefixed 1    | 0.6  | % | -                                    | 8,385            | (144)          | 8,241                                |
| Others                          | 0.8  | % | 959                                  | 234              | (187)          | 1,006                                |
| <b>Total</b>                    |  |   | <b>34,116</b>                        | <b>8,619</b>     | <b>(9,980)</b> | <b>32,755</b>                        |

1 Considers the transference of Caixa Econômica Federal's transaction costs on 03/26/2010 in the amount of R\$ 7,385 and transaction costs of Banco do Brasil contraction.

The amount to be appropriated to income in the future is as follows:

|                                    | Up to 1<br>year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than<br>5 years | Total         |
|------------------------------------|-----------------|--------------|--------------|--------------|--------------|----------------------|---------------|
| Debentures (e)                     | 7,257           | 6,138        | 5,067        | -            | -            | -                    | 18,462        |
| Banco do Brasil –<br>prefixed      | 3,379           | 2,009        | 2,853        | -            | -            | -                    | 8,241         |
| Notes in the<br>foreign market (b) | 878             | 878          | 878          | 878          | 878          | 656                  | 5,046         |
| Others                             | 517             | 331          | 68           | 52           | 34           | 4                    | 1,006         |
| <b>Total</b>                       | <b>12,031</b>   | <b>9,356</b> | <b>8,866</b> | <b>930</b>   | <b>912</b>   | <b>660</b>           | <b>32,755</b> |

## j. Collateral

Financing is secured by collateral amounting to R\$ 125,556 as of March 31, 2010 (R\$ 653,462 as of December 31, 2009) and by guarantees and promissory notes in the amount of R\$ 2,055,040 as of March 31, 2010 (R\$ 2,352,663 as of December 31, 2009).

In addition, the Company and its subsidiaries offer collateral in the form of bank letters of guarantee for commercial and legal proceeding in the amount of R\$ 157,900 as of March 31, 2010 (R\$ 265,209 as of December 31, 2009).

Some subsidiaries issued collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 16,092 as of March 31, 2010 (R\$ 20,171 as of December 31, 2009), with maturities of no more than 211 days. As of March 31, 2010, the Company and its subsidiaries did not have losses in connection with these collaterals. The fair value of collateral recognized in current liabilities is R\$ 395 as of March 31, 2010 (R\$ 476 as of December 31, 2009). This is recognized in income as customers set the their obligations with financial institutions.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US\$ 10 million. As of March 31, 2010, there was no event of default of the debts of the Company and its subsidiaries.

## 17. Assets retirement obligation

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations after a certain use period. (see Note 3.1).

Movements in the assets retirement obligations are as follows:

|   |          |
|---|----------|
| Balance as of January 1, 2009                 | 41,759   |
| Increase from the Texaco Business Combination | 19,982   |
| Additions (new tanks)                         | 3,711    |
| Expenses with tanks removed                   | (3,278 ) |
| Adjustments of expenses                       | 2,404    |
| Balance as of December 31, 2009               | 64,578   |
| Additions (new tanks)                         | 1,002    |
| Expenses with tanks removed                   | (1,061 ) |
| Adjustments of expenses                       | 1,330    |
| Balance as of March 31, 2010                  | 65,849   |
| Current                                       | 5,848    |
| Non-current                                   | 60,001   |

## 18. Deferred revenue

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

|  | 03/31/2010 | 12/31/2009 |
|--|------------|------------|
| Initial franchise fee 'am/pm'                    | 5,989      | 6,069      |
| Loyalty program Km de Vantagens (see Note 2.2.f) | 16,887     | 9,927      |
| Other  | 999        | 1,135      |
|  | 23,875     | 17,131     |
| Current  | 18,708     | 11,821     |
| Non-current                                      | 5,167      | 5,310      |

The initial franchise fee related to the 'am/pm' convenience store chain received by Ipiranga is deferred and recognized in income on an accrual basis, based on the substance of the agreements with the franchisees.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

19. Shareholders' equity

a. Share capital

The Company is a publicly traded company listed on the São Paulo ("BM&FBovespa") and New York Stock Exchanges ("NYSE"), with a subscribed and paid-in capital represented by 136,095,999 shares without par value, including 49,429,897 common and 86,666,102 preferred shares.

As of March 31, 2010, there were 13,027,251 preferred shares outstanding abroad in the form of American Depositary Receipts ("ADRs").

Preferred shares are nonconvertible into common shares, nonvoting, and give their holders priority in capital redemption, without premium, upon liquidation of the Company.

At the beginning of 2000, the Company granted tag-along rights through a shareholders' agreement, assuring non-controlling shareholders the right to the same conditions as negotiated by the controlling shareholders in case of transfer of the control of the Company. In 2004, these rights were incorporated into the Bylaws of the Company.

The Company is authorized to increase the capital without amendment to the Bylaws, by resolution of the Board of Directors, up to the limit of R\$ 4,500,000 through the issuance of common or preferred shares, regardless of the current number of shares, subject to the limit of 2/3 of preferred shares in the total shares issued.

b. Treasury shares

The Company acquired shares issued by itself at market prices without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with Instructions CVM 10 of February 14, 1980 and 268 of November 13, 1997. In the first quarter of 2010, there were no stock repurchases.

As of March 31, 2010, the interim financial statements of the parent company totaled 2,138,772 preferred shares and 6,617 common shares held in treasury, acquired at an average cost of R\$ 57.79 and R\$ 19.30 per share, respectively. In the consolidated interim financial statements, 2,592,247 preferred shares and 6,617 common shares are held in treasury, acquired at an average cost of R\$ 54.22 and R\$ 19.30 per share, respectively.

The price of preferred shares issued by the Company as of March 31, 2010 on BM&FBovespa was R\$ 85.50.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## c. Capital reserve

The capital reserve reflects the gain of the transfer of shares at market price to be held in treasury in the Company's subsidiaries, at an average price of R\$ 47.26 per share. Such shares were used to award beneficial ownership to executives of these subsidiaries, as mentioned in Note 9.c).

## d. Revaluation reserve

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

In some cases, tax charges on the equity-method revaluation reserve of certain subsidiaries are recognized as the reserve is realized, as they preceded the issuance of Resolution CVM 183/95.

## e. Retention of profits reserve

Used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments. Formed in accordance with Article 196 of the Brazilian Corporate Law, it includes both the portion of net income for the year and the realization of the revaluation reserve.

## f. Conciliation between parent company and consolidated shareholders' equity

|   | 01/01/2009 | 12/31/2009 | 03/31/2009 | 03/31/2010 |
|---|------------|------------|------------|------------|
| Parent company shareholders' equity under New BR GAAP                                     | 4,702,304  | 4,851,732  | 4,742,247  | 4,893,868  |
| Treasury shares held by subsidiaries – net of realization                                 | (11,475 )  | (12,683 )  | (10,759 )  | (12,040 )  |
| Capital reserve from sale of treasury shares to subsidiaries – net of realization         | (2,051 )   | (3,207 )   | (1,921 )   | (3,056 )   |
| Consolidated shareholders' equity under New BRGAAP  | 4,688,778  | 4,835,842  | 4,729,567  | 4,878,772  |
| Non-controlling interest by subsidiaries  | (38,187 )  | (35,017 )  | (39,257 )  | (20,535 )  |
| Consolidated shareholders' equity, excluding the non-controlling interest by subsidiaries | 4,650,591  | 4,800,825  | 4,690,310  | 4,858,237  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

g. Valuation adjustment

In valuation adjustment (i) the differences between the fair value and adjusted cost of financial investments classified as available for sale and financial instruments designated as a cash flow hedge of the change in interest rates and (ii) the effect of exchange rate changes on derivatives designated as hedging by RPR, used to protect the future cash flow are recognized directly in shareholders' equity. In all cases, the gains and losses recorded in the shareholders' equity are included in income, in the case of financial instruments prepayment.

h. Cumulative translation adjustments of foreign currency

The change in exchange rates on foreign subsidiaries denominated in a currency other than the currency of the Company is directly recognized in the shareholders' equity. This accumulated effect is reflected in income for the year as a gain or loss only in case of disposal or write-off of the investment.

20. Income on disposal of assets

Income on disposal of assets is composed of R\$ 394 (revenue) (R\$ 2,762 (revenue) as of March 2009) mainly of proceeds from the sale of property, plant and equipment, especially LPG bottles, land and vehicles.

21. Segment information

The Company operates four main business segments: gas distribution, fuel distribution, chemicals, and logistics. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast Regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution of fuels and lubricants and related activities throughout all the Brazilian territory, since the acquisition of Texaco on April 1, 2009. The chemicals segment (Oxiten) produces ethylene oxide and its derivatives, which are the raw materials for the cosmetics & detergent, agrochemical, paint & varnish, and other industries. The logistics segment (Ultracargo) provides transportation and storage services, especially in the Southeast, and Northeast Regions of Brazil. The segments shown in the interim financial statements are strategic business units supplying different products and services. Inter-segment sales are at prices similar to those that would be charged to third parties.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The main financial information on each segment of the Company can be stated as follows:

|  | 03/31/2010 | 03/31/2009 |
|--|------------|------------|
| Net revenue:                               |            |            |
| Ultragaz                                   | 841,637    | 764,927    |
| Ipiranga                                   | 8,565,345  | 5,113,511  |
| Oxiteno                                    | 471,879    | 458,551    |
| Ultracargo                                 | 82,486     | 81,524     |
| Other (1)                                  | 89,105     | 48,933     |
| Intersegment sales                         | (117,060 ) | (58,053 )  |
| Total                                      | 9,933,392  | 6,409,393  |
| Intersegment sales:                        |            |            |
| Ultragaz                                   | 616        | 636        |
| Ipiranga                                   | 11,183     | -          |
| Oxiteno                                    | -          | -          |
| Ultracargo                                 | 21,885     | 14,715     |
| Other (1)                                  | 83,376     | 42,702     |
| Total                                      | (117,060 ) | (58,053 )  |
| Net revenue, excluding intersegment sales: |            |            |
| Ultragaz                                   | 841,021    | 764,291    |
| Ipiranga                                   | 8,554,162  | 5,113,511  |
| Oxiteno                                    | 471,879    | 458,551    |
| Ultracargo                                 | 60,601     | 66,809     |
| Other (1)                                  | 5,729      | 6,231      |
| Total                                      | 9,933,392  | 6,409,393  |
| Operating profit:                          |            |            |
| Ultragaz                                   | 38,436     | 23,875     |
| Ipiranga                                   | 162,634    | 116,232    |
| Oxiteno                                    | 12,637     | 22,419     |
| Ultracargo                                 | 22,869     | 12,310     |
| Other (1)                                  | 9,853      | 5,886      |
| Total                                      | 246,429    | 180,722    |
| Net financial income                       | (73,250 )  | (57,811 )  |
| Equity in income of affiliates             | 25         | (100 )     |
| Income before taxes                        | 173,204    | 122,811    |





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | 03/31/2010 | 03/31/2009 |
|--|------------|------------|
| Additions to property, plant and equipment and intangible assets:                            |            |            |
| Ultragaz   | 39,948     | 31,609     |
| Ipiranga   | 65,168     | 32,348     |
| Oxiteno  | 97,990     | 41,470     |
| Ultracargo   | 6,998      | 8,712      |
| Other (1)  | 3,220      | 8,208      |
| Total additions to property, plant and equipment and intangible assets (see Notes 13 and 14) | 213,324    | 122,347    |
| Assets retirement obligation   | (559 )     | (142 )     |
| Finance leases   | -          | (153 )     |
| Other  | (119 )     | -          |
| Total investments to property, plant and equipment and intangible assets (cash flow)         | 212,646    | 122,052    |
|  | 03/31/2010 | 03/31/2009 |
| Depreciation and amortization charges:   |            |            |
| Ultragaz   | 32,729     | 29,478     |
| Ipiranga   | 64,842     | 37,478     |
| Oxiteno  | 25,526     | 24,817     |
| Ultracargo   | 7,703      | 13,204     |
| Other (1)  | 2,308      | 2,055      |
| Total  | 133,108    | 107,032    |
|  | 03/31/2010 | 12/31/2009 |
| Total assets:  |            |            |
| Ultragaz   | 1,323,312  | 1,349,752  |
| Ipiranga   | 5,663,846  | 5,943,323  |
| Oxiteno  | 2,782,511  | 2,775,228  |
| Ultracargo   | 926,125    | 886,717    |
| Other (1)  | 483,345    | 518,195    |
| Total  | 11,179,139 | 11,473,215 |

(1) On the table above, the column “Other” is composed primarily of the parent company Ultrapar Participações S.A. and the investment in RPR.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Geographic area information

All long-term assets are located in Brazil, except certain long-life assets located in Mexico, in the amount of R\$ 27,326 as of March 31, 2010 (R\$ 25,021 as of December 31, 2009), and in Venezuela, in the amount of R\$ 2,941 as of March 31, 2010 (R\$ 5,741 as of December 31, 2009).

The Company generates revenues from operations in Brazil, Mexico (since December 2003) and Venezuela (since September 2007), as well as from exports of products to foreign customers, as disclosed below:

|  | 03/31/2010 | 03/31/2009 |
|--|------------|------------|
| Net revenue:                           |            |            |
| Brazil                                 | 9,791,985  | 6,265,635  |
| Latin America except Brazil and Mexico | 71,575     | 68,140     |
| North America                          | 40,019     | 48,695     |
| Far East                               | 13,204     | 11,267     |
| Europe                                 | 11,815     | 13,790     |
| Other                                  | 4,794      | 1,866      |
| Total                                  | 9,933,392  | 6,409,393  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 22.   | Financial income (Consolidated) | 03/31/2010 | 03/31/2009 |
|---|---------------------------------|------------|------------|
| Financial revenues:   |                                 |            |            |
| Interest on financial investments   |                                 | 35,838     | 49,552     |
| Interest from customers   |                                 | 11,131     | 9,802      |
| Other revenues  |                                 | 1,352      | 1,202      |
|   |                                 | 48,321     | 60,556     |
| Financial expenses:   |                                 |            |            |
| Interest on financing   |                                 | (62,191 )  | (104,592 ) |
| Interest on debentures  |                                 | (27,957 )  | -          |
| Interest on finance leases  |                                 | (373 )     | (773 )     |
| Bank charges, IOF, and other charges  |                                 | (7,684 )   | (8,599 )   |
| Monetary changes and changes in exchange rates, net of<br>income from hedging instruments |                                 | (4,243 )   | (2,923 )   |
| Provisions updating and other expenses (*)  |                                 | (19,123 )  | (1,480 )   |
|   |                                 | (121,571 ) | (118,367 ) |
| Financial income  |                                 | (73,250 )  | (57,811 )  |

(\*) In 2010, includes the effect related to the Company and its subsidiaries' adhesion to a debt amnesty established by Law 11941/09 (see Note 24.a).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

23. Risks and financial instruments (Consolidated)

Risk management and financial instruments - Governance

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

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

Implementation of the management of financial assets, instruments and risks is the responsibility of the Financial Area, through its treasury, with the assistance of the tax and accounting areas.

- Supervision and monitoring of compliance with the principles, guidelines and standards of the Policy is the responsibility of the Risk and Investment Committee, set up more than 10 years ago and composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fund raising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.

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

Continuous enhancement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the Financial Area.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Currency risk

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

The subsidiaries of the Company use exchange rate hedging instruments (especially between the Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts and disbursements in foreign currency, in order to reduce the effects of changes in exchange rates on its results and cash flows in Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts and disbursements in foreign currency to which they are related. Assets and liabilities in foreign currency are stated below, translated into Reais as of March 31, 2010 and December 31, 2009:

## Assets and liabilities in foreign currency

| Amounts in millions of Reais   | 03/31/2010 | 12/31/2009 |
|--|------------|------------|
| <b>Assets in foreign currency</b>  |            |            |
| Financial assets in foreign currency (except hedging instrument)                             | 230.1      | 231.6      |
| Foreign trade accounts receivable, net of advances on export contract and provision for loss | 107.1      | 112.2      |
| Advances to foreign suppliers, net of accounts payable arising from imports                  | -          | 43.4       |
| Investments in foreign subsidiaries  | 58.8       | 59.8       |
|  | 396.0      | 447.0      |
| <b>Liabilities in foreign currency</b>   |            |            |
| Financing in foreign currency  | (809.3 )   | (796.9 )   |
| Trade payables arising from imports, net of advances to foreign suppliers                    | (7.1 )     | -          |
|  | (816.4 )   | (796.9 )   |
| Currency hedging instruments   | 211.7      | 227.9      |
| Net asset (liability) position   | (208.7 )   | (122.0 )   |
| Net asset (liability) position – RPR1  | 44.6       | 87.0       |
| Net asset (liability) position – Total   | (164.1 )   | (35.0 )    |





Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(1) Amount disclosed due to its magnitude and to RPR having independent financial management. The net asset position as of March 31, 2010 of RPR reflects the amount of R\$ 63.4 million of contracted exchange rate swaps primarily to protect the future import of oil, net of (i) R\$ 17.1 million of financing in foreign currency and (ii) R\$ 1.7 million of suppliers in foreign currency.

Based on the net liability position of R\$ 208.7 million in foreign currency shown above, the Company estimates that a 10% devaluation of the Real would produce a total effect of R\$ 20.9 million, of which R\$ 25.4 million of financial expense and R\$ 4.5 million of gain directly recognized in the shareholders' equity in cumulative translation adjustments. Based on the same position, the Company estimates that a 10% valuation of the Real would produce a total effect of R\$ 20.9 million, of which R\$ 25.4 million of financial revenue and R\$ 4.5 million of loss directly recognized in the shareholders' equity in cumulative translation adjustments (see Note 3.o).

Interest rate risk

The Company and its subsidiaries adopt conservative policies for fund raising and use of financial resources and capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the interest rate for CDI, as set forth in Note 5. Fund raising primarily results from financing from BNDES and other development agencies, debentures and funds raised in foreign currency, as shown in Note 16.

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of March 31, 2010, the Company and its subsidiaries had derivative financial instruments of interest rate linked to domestic loans, swapping pre-fixed interest of certain debts to floating rate.

Credit risks

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and cash equivalents, financial investments, and accounts receivable.

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

Government credit risk - The Company and its subsidiaries have financial investments in federal government bonds of Brazil and countries rated AAA or Aaa by specialized credit rating agencies. The volumes of financial investments are subject to maximum limits by country and, therefore, require diversification of counterparty.

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Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Customer credit risk - Such risks are managed by each business unit through specific criteria for acceptance of customers and credit rating and are additionally mitigated by diversification of sales. As of March 31, 2010, Ipiranga maintained R\$ 99,011 (R\$ 98,330 as of December 31, 2009), Ultragas maintained R\$ 14,394 (R\$ 12,719 as of December 31, 2009), Oxiteno maintained R\$ 2,338 (R\$ 2,089 as of December 31, 2009) and the subsidiaries of Ultracargo maintained R\$ 858 (R\$ 1,322 as of December 2009) as a provision for potential loss on their accounts and assets receivables.

Selection and use of financial instruments

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

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

As mentioned in the section Risk management and financial instruments – Governance of this Note, the Committee monitors compliance with the risk standards established by the Policy through a risk monitoring map, including the use of hedging instruments, on a monthly basis.

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(In thousands of Reais, unless otherwise stated)

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

| Hedging instruments | Counterparty | Maturity | Initial notional amount <sup>1</sup> |            | Fair value  |             | Amounts payable or receivable for the period (Mar. 31, 2009) |                |
|---------------------|--------------|----------|--------------------------------------|------------|-------------|-------------|--|----------------|
|                     |              |          | 03/31/2010                           | 12/31/2009 | 03/31/2010  | 12/31/2009  | Amount receivable  | Amount payable |
|                     |              |          |                                      |            | R\$ million | R\$ million | R\$ million  | R\$ million    |

## a – Exchange rate swaps receivable in U.S. dollars

|                               |                                      |                      |             |             |          |          |       |       |
|-------------------------------|--------------------------------------|----------------------|-------------|-------------|----------|----------|-------|-------|
| Receivables in U.S. dollars   | Bradesco, Citibank,                  |                      | USD 188.7   | USD 202.8   | 340.6    | 350.8    | 340.6 | -     |
| Payables in CDI interest rate | Goldman Sachs, HSBC, Itaú, Santander | Apr 2010 to Dec 2015 | (USD 188.7) | (USD 202.8) | (369.2 ) | (385.5 ) | -     | 369.2 |
| Total result                  |                                      |                      | -           | -           | (28.6 )  | (34.7 )  | 340.6 | 369.2 |

## b – Exchange rate swaps payable in U.S. dollars

|                                   |                     |                      |            |            |          |          |       |       |
|-----------------------------------|---------------------|----------------------|------------|------------|----------|----------|-------|-------|
| Receivables in CDI interest rates | Bradesco, Citibank, |                      | USD 70.2   | USD 69.2   | 127.1    | 122.1    | 127.1 | -     |
| Payables in U.S. dollars          | Itaú                | Apr 2010 to Oct 2010 | (USD 70.2) | (USD 69.2) | (124.2 ) | (118.9 ) | -     | 124.2 |
| Total result                      |                     |                      | -          | -          | 2.9      | 3.2      | 127.1 | 124.2 |

## c – Interest rate swaps in R\$

|  |                 |                      |              |  |          |  |       |       |
|--|-----------------|----------------------|--------------|--|----------|--|-------|-------|
| Receivables in predetermined interest rate | Banco do Brasil |                      | R\$ 853.0    |  | 852.9    |  | 852.9 | -     |
| Payables in CDI interest rate              |                 | Feb 2012 to Mar 2013 | (R\$ 853.0 ) |  | (856.7 ) |  | -     | 856.7 |
| Total result                               |                 |                      | -            |  | (3.8 )   |  | 852.9 | 856.7 |

## d – Interest rate swaps in U.S.

|  |                       |                      |            |            |          |          |         |         |
|--|-----------------------|----------------------|------------|------------|----------|----------|---------|---------|
| dollars  |                       |                      |            |            |          |          |         |         |
| Receivables in LIBOR interest rate in U.S. dollars | Itaú                  | Jun 2011             | USD 60.0   | USD 60.0   | 103.6    | 100.7    | 103.6   | -       |
| Payables in fixed interest rate in U.S. dollars    |                       |                      | (USD 60.0) | (USD 60.0) | (108.4 ) | (104.7 ) | -       | 108.4   |
| Total result                                       |                       |                      | -          | -          | (4.8 )   | (4.0 )   | 103.6   | 108.4   |
| e – NDFs (non-deliverable forwards) – RPR          |                       |                      |            |            |          |          |         |         |
| Receivables in U.S. dollars                        |                       |                      | USD 36.4   | USD 73.3   | 63.4     | 125.9    | 63.4    | -       |
| Payables in predetermined interest rate in R\$     | Banco do Brasil, HSBC | Apr 2010 to Nov 2010 | (USD 36.4) | (USD 73.3) | (63.0 )  | (127.8 ) | -       | 63.0    |
| Total result                                       |                       |                      | -          | -          | 0.4      | (1.9 )   | 63.4    | 63.0    |
| Total gross result                                 |                       |                      | -          | -          | (33.9 )  | (37.4 )  | 1,487.6 | 1,521.5 |
| Income tax   |                       |                      | -          | -          | (2.2 )   | (1.6 )   | (2.2 )  | -       |
| Total net result                                   |                       |                      | -          | -          | (36.1 )  | (39.0 )  | 1,485.4 | 1,521.5 |
| Positive result (see Note 5)                       |                       |                      |            |            | 14.0     | 12.8     |         |         |
| Negative result (see Note 16)                      |                       |                      |            |            | (50.1 )  | (51.8 )  |         |         |

1 In million. Currency as indicated

All transactions mentioned above were properly registered with CETIP S.A., except for the interest rate swap, which is an over-the-counter contract governed by ISDA (International Swap Dealers Association, Inc.) executed with the counterparty Banco Itaú BBA S.A. – Nassau Branch.

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Hedging instruments existing as of March 31, 2010 are described below, according to their category, risk, and protection strategy:

Hedging against foreign exchange exposure of liabilities in foreign currency - The purpose of these contracts is to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Reais linked to CDI. As of March 31, 2010, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 188.7 million in notional amount and, on average, they had asset position at US\$ + 5.13% p.a. and liability position at 117.72 % of CDI.

Hedging against foreign exchange exposure of operations - The purpose of these contracts is to make the exchange rate of the turnover of the subsidiaries of Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials. As of March 31, 2010, these swap contracts totaled US\$ 70.2 million and, on average, had an asset position at 80.29% of CDI and liability position at US\$ + 0.0% p.a.

Hedging against the interest rate fixed in local financing - The purpose of these contracts is to convert the interest rate on financing contracted in Reais from fixed into floating. On March 31, 2010 these swap contracts totaled \$ 853.0 million, and on average had an asset position at 11.48% p.a. and liability position at 98.5% of CDI.

Hedging against floating interest rate in foreign currency - The purpose of this contract is to convert the interest rate on the syndicated loan in the principal of US\$ 60 million from floating into fixed. As of March 31, 2010, the subsidiary Oxiteno Overseas had a swap contract with a notional amount of US\$ 60 million, with an asset position at US\$ + LIBOR + 1.25% p.a. and a liability position at US\$ + 4.93% p.a.

Hedging against foreign exchange exposure of a firm commitment in foreign currency (RPR) - The purposes of these contracts is to offset the effect of the change in exchange rates on imports of oil denominated in U.S. dollars (US\$ 26.6 million) and the financing denominated in foreign currency (US\$ 9.8 million). On March 31, 2010 the subsidiary RPR held NDF (non-deliverable forwards) contracts with contracted average future U.S. dollar of R\$ 1.8111/US\$ and principal, proportional to the Company's interest of US\$ 36.4 million.

The Company and its subsidiaries designate as cash flow hedges some instruments of protection for future cash flows. These instruments of protection whose purpose is to protect the cash flows (i) from the risk of fluctuations in Libor on loans contracted and (ii) the risk of exchange rate changes of subsidiary RPR on future imports of oil denominated in U.S. dollars. On March 31, 2010 these instruments of protection amounted US\$ 86.6 million.

The Company and its subsidiaries designate derivative financial instruments used to offset the variations due to changes in interest rates in the market value of financing contracted in Reais as fair value hedge. As of March 31, 2010 these instruments of protection totaled R\$ 853.0 million.

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Gains (losses) on hedging instruments

The following table summarizes the values of gains (losses) recorded in the first quarter of 2010 which affected the income statement and shareholders' equity of the Company and its subsidiaries:

|  | Consolidated<br>R\$ million |                         |
|--|-----------------------------|-------------------------|
|  | Income                      | Shareholders'<br>equity |
| a - Exchange rate swaps receivable in U.S. dollars | (0.8 )                      | -                       |
| b - Exchange rate swaps payable in U.S. dollars    | (1.5 )                      | -                       |
| c - Interest rate swaps in R\$                     | 1.2                         | -                       |
| d - Interest rate swaps in U.S. dollars            | (0.8 )                      | 0.1                     |
| e - NDFs (non-deliverable forwards) - RPR          | 0.7                         | 1.7                     |
| <b>Total</b>                                       | <b>(1.2 )</b>               | <b>1.8</b>              |

The table above does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars, when this effect is offset in the income of the hedged subject (debt), and considers the designation effect of interest hedging in Reais.

Fair value of financial instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, as of March 31, 2010 and December 31, 2009 are stated below:

|   | 03/31/2010        |               | 12/31/2009        |               |
|---|-------------------|---------------|-------------------|---------------|
|   | Carrying<br>value | Fair<br>value | Carrying<br>value | Fair<br>value |
| <b>Financial assets:</b>                  |                   |               |                   |               |
| Cash and cash equivalents                 | 80,869            | 80,869        | 128,340           | 128,340       |
| Currency and interest hedging instruments | 14,017            | 14,017        | 12,723            | 12,723        |
| Financial investments                     | 1,824,218         | 1,824,218     | 2,193,886         | 2,193,886     |
|   | 1,919,104         | 1,919,104     | 2,334,949         | 2,334,949     |
| <b>Financial liabilities:</b>             |                   |               |                   |               |
| Financing                                 | 3,181,876         | 3,226,274     | 3,211,741         | 3,245,367     |
| Debentures                                | 1,215,750         | 1,213,654     | 1,187,866         | 1,187,866     |
| Finance leases                            | 12,436            | 12,436        | 15,365            | 15,365        |
| Currency and interest hedging instruments | 50,155            | 50,155        | 51,752            | 51,752        |
|   | 4,460,217         | 4,502,519     | 4,466,724         | 4,500,350     |





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

- The fair values of cash on current account are identical to the carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the interim financial statements, which correspond to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase in the yield curve and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value of other financial investments and financing was determined using calculation methodologies commonly used for marking-to-market, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of March 31, 2010 and December 31, 2009. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries used quotes provided by the transaction counterparties.

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

Sensitivity analysis

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

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on BM&FBovespa as of March 31, 2010. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 2.65 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional devaluation, respectively, of the Real in the likely scenario.

Based on the balances of the hedging instruments and hedged items as of March 31, 2010, the exchange rates were replaced, and the changes between the new balance in Reais and the balance in Reais as of March 31, 2010 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

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## Notes to the interim financial statements

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|   | Risk                | Scenario I<br>(likely) | Scenario II | Scenario III |
|---|---------------------|------------------------|-------------|--------------|
| Currency swaps receivable in U.S. dollars |                     |                        |             |              |
| (1) U.S. Dollar / Real swaps              | Dollar              | 79,184                 | 184,024     | 288,865      |
| (2) Debts in dollars                      | appreciation        | (79,170 )              | (183,978 )  | (288,785 )   |
| (1)+(2)                                   | Net Effect          | 14                     | 47          | 80           |
| Currency swaps payable in U.S. dollars    |                     |                        |             |              |
| (3) Real / U.S. Dollar swaps              | Dollar              | (1,007 )               | (32,520 )   | (64,034 )    |
| (4) Gross margin of Oxiteno               | devaluation         | 1,007                  | 32,520      | 64,034       |
| (3)+(4)                                   | Net Effect          | -                      | -           | -            |
| NDF exchange (RPR)                        |                     |                        |             |              |
| (5) NDF Receivables in U.S. Dollars       | Dollar appreciation | 1,248                  | 17,781      | 34,314       |
| (6) Petroleum imports / FINIMP            |                     | (1,248 )               | (17,781 )   | (34,314 )    |
| (5)+(6)                                   | Net Effect          | -                      | -           | -            |

For the sensitivity analysis of the interest rate hedging instrument in dollar, the Company used the future LIBOR curve (BBA – British Bankers Association) as of March 31, 2010 at maturity of the swap and of the syndicated loan (hedged item), which occurs in 2011, in order to define the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, in the estimate of the likely LIBOR.

Based on the three interest rate scenarios in dollar (LIBOR), management estimated the values of its loan and of the hedging instrument by calculating the future cash flows associated with each instrument adopted according to the projected scenarios and adjusting them to present value by the rate in effect on March 31, 2010. The result is stated on the table below:

|                                 | Risk        | Scenario I<br>(likely) | Scenario II | Scenario III |
|---------------------------------|-------------|------------------------|-------------|--------------|
| Interest rate swap (in dollars) |             |                        |             |              |
| (1) LIBOR / fixed rate swap     | Increase in | 614                    | 917         | 1,219        |
| (2) LIBOR Debt                  | LIBOR       | (619 )                 | (925 )      | (1,230 )     |
| (1)+(2)                         | Net Effect  | (5 )                   | (8 )        | (11 )        |



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For sensitivity analysis of interest rate instruments of protection in Reais, the Company used the futures curve of DI x Pre contract of BM&FBovespa as of March 31, 2010 for each swap and each debt (object of protection) maturities, for defining the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, of pre-fixed rate to that of the likely scenario.

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

|                             | Risk          | Scenario I<br>(likely) | Scenario<br>II | Scenario<br>III |
|-----------------------------|---------------|------------------------|----------------|-----------------|
| Interest rate swap (in R\$) |               |                        |                |                 |
| (1) CDI / fixed rate swap   | Increase in   | 426                    | (53,411 )      | (102,433 )      |
| (2) Fixed rate debt         | prefixed rate | (426 )                 | 53,408         | 102,429         |
| (1)+(2)                     | Net Effect    | -                      | (3 )           | (4 )            |

## 24. Contingencies and commitments (Consolidated)

## a. Civil, tax and labor proceedings

On October 7, 2005, the subsidiaries Companhia Ultragaz S.A. (“Cia Ultragaz”) and Bahiana Distribuidora de Gás Ltda. (“Bahiana”) filed for and obtained a preliminary injunction to offset PIS and COFINS credits against other taxes administered by the Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court judgment on May 16, 2008. Under preliminary the injunction obtained, the subsidiaries have been making judicial deposits for these debits in the accumulated amount of R\$ 145,586 as of March 31, 2010 (R\$ 135,821 as of December 31, 2009) and have recorded a corresponding liability.

Subsidiaries Cia. Ultragaz, Utingás Armazenadora S.A. (“Utingás”), Tequimar, Transultra and Ultracargo - Operações Logísticas e Participações Ltda. (“Ultracargo Participações”) have filed actions with a motion for preliminary injunction seeking full and immediate utilization of the supplementary monetary adjustment based on the Consumer Price Index (IPC)/National Treasury Bonds (BTN) for 1990 (Law 8200/91); the subsidiaries Cia Ultragaz, Utingás and Tequimar opted to include the contingencies related to their processes within the Law 11941/09 amnesty and reclassified the contingencies’ amount to the line of taxes payables. The other subsidiaries maintain a provision of R\$ 928 as of March 31, 2010 (R\$ 15,436 as of December 31, 2009) to cover any contingencies if they lose such actions.

The Company and some of its subsidiaries have filed actions with a motion for preliminary injunction against the application of the law restricting offset of tax losses (IRPJ) and negative tax bases (CSLL) determined as of December 31, 1994 to 30% of the income for the year. As a result of the position of the Federal Supreme Court (STF) and based on the opinion of its legal counsel, a provision was recorded for this contingency in the amount of R\$ 6,330 as of March



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31, 2010 (R\$ 7,044 as of December 31, 2009). The subsidiary Ultracargo Participações decided to include an administrative case related to this thesis within the Law 11941/09 amnesty and reclassified part of the provisioned contingency to the line of taxes payable.

The subsidiary IPP has proposed a Declaratory Action questioning the constitutionality of Law No. 9316/96, which denied the CSLL from the IRPJ calculation basis. This action had its application denied at lower court levels, and the subsidiary is awaiting the judgment of the appeal made to the STF. As a result of the decisions issued, the subsidiary has constituted judicial deposits and recorded a provision for contingencies amounting to R\$ 12,528 as of March 31, 2010 (R\$ 12,528 as of December 31, 2009).

Based on the favorable jurisprudence and the opinion of its legal counsel, the subsidiaries Oxiteno Nordeste and Oxiteno S.A. filed lawsuits to obtain exclusion of export revenues from the tax base for CSLL. The preliminary injunction was granted to Oxiteno Nordeste and the subsidiary is making judicial deposits of the amounts in discussion, as well as provisioning the corresponding contingency in the amount of R\$ 919; the subsidiary Oxiteno S.A. awaits judgment of appeal against the sentence which denied the requested preliminary injunction, and is still normally paying the CSLL.

The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Transultra, RPR, Tropical Transportes Ipiranga Ltda. ("Tropical"), Empresa Carioca de Produtos Químicos S.A. ("EMCA") e IPP, filed for a preliminary injunction seeking the deduction of ICMS from the PIS and COFINS tax basis. Oxiteno Nordeste and IPP obtained a preliminary injunction and are paying the disputed amounts into judicial deposits, as well as recording the respective provision in the amount of R\$ 46,617 as of March 31, 2010 (R\$ 43,571 as of December 31, 2009); the others subsidiaries did not obtain an injunction and are awaiting the judgment of these lawsuits.

The Company and its subsidiaries obtained preliminary injunctions to pay PIS and COFINS contributions without the changes introduced by Law 9718/98 in its original version. The ongoing questioning refers to the levy of these taxes on sources other than revenues. In 2005, the STF decided the question in favor of the taxpayer. Although it has set a precedent, the effect of this decision does not automatically apply to all companies, since they must await judgment of their own legal lawsuits. The Company has subsidiaries whose lawsuits have not yet been decided. If all ongoing lawsuits are finally decided in favor of the subsidiaries, the Company estimates that the total positive effect on income before income tax and social contribution will reach R\$ 34,500, net of attorney's fees.

The Company and its subsidiaries are recording provision for PIS and COFINS calculated on the basis of the interest on capital. The total amount accrued at March 31, 2010 is R\$ 22,006 (R\$ 21,724 as of December 31, 2009).

The subsidiary IPP have provisions for contingencies related to ICMS related mainly to: (a) ownership of the credit for the difference between the value that was the basis for the retention tax and the amount actually practiced in sales to final consumers, resulting in excessive retention of ICMS by the Refinery, R\$ 50,485 (b) delinquency notice for interstate sales of fuel to industrial customers without taxation of ICMS, because the interpretation of Article 2 of the LC 87/96, R\$ 41,258, (c) requirement of the reversal of ICMS credits in the State of Minas

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Gerais, in the interstates, made under Article 33 of the ICMS Convention 66/88, which allowed the maintenance of the credits and was suspended by a preliminary injunction granted by the STF, R\$ 39,629, (d) requirement of ICMS-ST on interstate sales from the distributors to final consumers, because there is no retention under the duration of the Conventions ICMS 105/92 and 112/93 R\$ 18,604 (e) assessments for deducting of unconditional discounts from the tax basis for ICMS due to tax substitution, in the state of Minas Gerais, R\$ 17,019, (f) delinquency notice resulting from lack of ICMS collection in the States due to errors or lack of delivery of reports in interstate operations, contemplated by Convention ICMS 54/02, that enabled the transfer of ICMS to the state of fuel consumption, R\$ 4,012, and (g) requirement for the reversal of ICMS credits on transportation services taken during the freight reimbursement system established by the DNC (currently ANP – National Petroleum, Natural Gas and Biofuel Agency), R\$ 8,965.

The main tax claims of the subsidiary IPP that were considered to pose a possible risk of loss, and based on this position, have not been provided for in the interim financial statements, relate to ICMS and related mainly to: (a) assessments for lack of retention of ICMS-ST in the sale of petroleum products to customers who held decisions designed to separate the tax substitution, R\$ 104,660, (b) requirement of proportionate reversal of ICMS credits in view of the acquisitions of hydrous ethanol to give higher values than the its sales, because of the transfer of a portion of financial support for agriculturists (FUPA) made by the distributors upon the acquisitions subsequently reimbursed by the DNC, R\$ 71,638, (c) requirement of the reversal credit on the difference between the values that formed the basis for withholding tax and the amounts actually charged on sales to final consumers, R\$ 40,316, (d) assessments for alleged non-payment of taxes, R\$ 48,268, (e) requirement by SEFAZ RJ-reversal of ICMS credits on purchases of basic oils, due to the subsequent output of finished lubricant without taxation, R\$ 35,642, (f) delinquency notice on interstate sales of fuel for industrial customer without ICMS, following the interpretation of Article 2 of LC 87/96, R\$ 15,049, (g) records of notices issued in Ourinhos / SP for the operations to return the loan of ethanol made with tax deferral, R\$ 18,884, (h) assessments in the State of Rio de Janeiro demanding the reversal of ICMS credits generated in interstate shipments made under Article 33 of the ICMS Convention 66/88, which allowed the maintenance of credit and was suspended by an injunction granted by STF, R\$ 14,599, (i) disallowance of ICMS credits taken in the bookkeeping of bills considered inapt, though the understanding of the STJ is in the sense that it is possible to take credit for the buyer even if there is defect in the document of the seller, provided that the remains confirmed that the transaction actually took place, R\$ 15,376, (j) records of notices issued on the grounds of alleged improper calculation of the base of ICMS, since it was not included in the database to calculate the value of the tax itself in interstate operations with petroleum products for final consumers, R\$ 13,182, (k) requiring the reversal of ICMS credits on the freight contract to transport fuel, due to the fact that the operation is not taxed as constitutional non-impact, for R\$ 12,770 and (l) assessments arising from surplus or shortage of stock, occurred due to differences in temperature or handling the product in which the review believes that there is input or output without a corresponding issue of invoice, R\$ 10,382.

In addition, the subsidiary IPP has infraction of the non-approval of set-off of IPI credits appropriate under inputs taxed whose outputs were under the protection of immunity. The non-provisioned amount of contingency, updated as of March 31, 2010, is R\$ 54,780 (R\$ 53,288 as of December 31, 2009). The subsidiary also has legal lawsuits to guarantee the compensation of

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overpaid PIS values before the declaration of unconstitutionality of Decrees 2445/88 and 2449/88, and decided to include part of these cases within the Law 11941/09 amnesty, recording the corresponding amount of R\$ 29,607 as taxes payable. The non-provisioned amount for the others cases updated as of March 31, 2010 is R\$ 50,464 (R\$ 98,608 as of December 31, 2009).

In 1990, the Union of Workers in Petrochemical Plants, of which the employees of the subsidiaries Oxiteno Nordeste and EMCA are members, filed an action against the subsidiaries to enforce adjustments established under a collective labor agreement, in lieu of the salary policies actually implemented. At the same time, the Employers' Association proposed a collective bargaining for interpretation and clarification of Clause Four of the agreement. Based on the opinion of its legal counsel, who reviewed the latest decision of STF in the collective bargaining and the position of the individual action of the subsidiary Oxiteno Nordeste, management of the subsidiaries did not deem it necessary to record a provision as of March 31, 2010.

Subsidiary Cia. Ultragaz is facing an administrative case pending before the CADE, for alleged anticompetitive practice in cities in the Triângulo Mineiro region in 2001. Recently, the CADE entered a decision against Cia. Ultragaz imposing a penalty of R\$ 23,104. This administrative decision had its execution suspended under court order and the merits are being discussed in court. Based on the above elements and on the opinion of its legal counsel, the subsidiary's management did not record a provision to this contingency.

Subsidiary Cia. Ultragaz is the defendant in legal proceedings for damages arising from an explosion in 1996 in a shopping mall located in the City of Osasco, State of São Paulo. Such proceedings involve: (i) individual proceedings brought by victims of the explosion seeking compensation for loss of income and pain and suffering (ii) request for compensation for expenses of the shopping mall administrator and its insurer; and (iii) class action seeking economic and non-economic damages for all victims injured and dead. The subsidiary believes that it produced evidence that the defective gas pipelines in the shopping mall caused the accident, and Ultragaz's local LPG storage facilities did not contribute to the explosion. Out of the 64 actions decided to date, 63 were favorable, of which 29 are already shelved; only 1 was adverse and the subsidiary was sentenced to pay R\$ 17. There is only 1 action yet to be decided. The subsidiary has insurance coverage for these legal proceedings, and the value not insured is R\$ 19,554. The Company did not record any provision for this value because it considers the chances of realization of this contingency as essentially remote.

The Company and its subsidiaries have provisions for settlement of terms of contracts with customers and ex-service providers, as well as environmental issues, in the amount of R\$ 86,355 as of March 31, 2010 (R\$ 86,792 as of December 31, 2009) and also a provision of R\$ 18,098 as of March 31, 2010 (R\$ 18,394 as of December 31, 2009) to meet the contingencies of labor litigation.

The Company and its subsidiaries have other pending administrative and legal proceedings, which were estimated by their legal counsel as possible and/or remote risk (less-likely-than-50%), and the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries also have litigations for recovery of



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

taxes and contributions, which were not recorded in the interim financial statements due to their contingent nature. Movements in provisions are as follows:

| Provisions       | Balance<br>as of<br>Dec. 31,<br>2009 | Amnesty<br>Adoption | Additions    | Write-offs      | Adjustments  | Balance<br>as of<br>Mar. 31,<br>2010 |
|------------------|--------------------------------------|---------------------|--------------|-----------------|--------------|--------------------------------------|
| IRPJ and CSLL    | 182,103                              | (19,670 )           | 2,391        | -               | 2,527        | 167,351                              |
| PIS and COFINS   | 67,990                               | -                   | 2,413        | -               | 938          | 71,341                               |
| ICMS             | 192,543                              | -                   | -            | -               | 1,018        | 193,561                              |
| INSS             | 8,527                                | -                   | -            | (1,385 )        | 159          | 7,301                                |
| Civil litigation | 86,792                               | -                   | 5            | (1,089 )        | 647          | 86,355                               |
| Labor litigation | 18,394                               | -                   | 847          | (1,425 )        | 282          | 18,098                               |
| Others           | 6,905                                | -                   | 594          | (2,678 )        | 36           | 4,857                                |
| <b>Total</b>     | <b>563,254</b>                       | <b>(19,670 )</b>    | <b>6,250</b> | <b>(6,577 )</b> | <b>5,607</b> | <b>548,864</b>                       |

The Company and its subsidiaries decided to include within the amnesty introduced by Law 11941/09 some of their debts before the Federal Revenue Service, General Attorney of the National Treasury and Social Security with the benefits of reduction of fines, interest and legal charges set in this Law, and recorded in its interim financial information for March 31, 2010 an expense of R\$ 15,264, net of taxes.

## b. Contracts

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

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

If the annual movement is less than the minimum required, then the subsidiary will have to pay the difference between the actual movement and the minimum required by the agreements, using the port rates in effect at the date established for payment. As of March 31, 2010, such charges were R\$ 5.79 and R\$ 1.38 per ton for Aratu and Suape, respectively. The subsidiary has met the minimum cargo movement requirements since the beginning of the agreements.

Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. setting a minimum value for quarterly consumption of ethylene and establishing conditions for the supply of ethylene until 2021. The minimum purchase commitment and the actual demand accumulated to March 31, 2010 and March 31, 2009, expressed in tons of ethylene, are shown below. In case of breach of the minimum purchase commitment, the subsidiary agrees to pay a penalty of 40% of the current ethylene price, to the extent of the shortfall. The provision of minimum purchase

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

commitment is under renegotiation with Braskem, including the minimum purchase commitment related to 2009.

|  | Minimum purchase<br>commitment<br>(accumulated first<br>quarter) |            | Accumulated demand<br>First quarter(actual) |            |
|--|--|------------|---|------------|
|  | 03/31/2010   | 03/31/2009 | 03/31/2010                                  | 03/31/2009 |
|  | In tons of ethylene  | 40,551 (*) | 46,849                                      | 42,697     |

(\*) Adjusted for the maintenance stoppage carried out by Braskem in the period.

In August 2008, the subsidiary Oxiteno S.A signed an Ethylene Supply Agreement with Quattor Química S.A., maturing in 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 19,800 tons of ethylene semiannually. In case of breach, the subsidiary agrees to pay a penalty of 30% of the current ethylene price, to the extent of the shortfall.

c. Insurance coverage in subsidiaries

The Company maintains appropriate insurance policies to cover several risks to which it is exposed, including asset insurance against losses caused by fire, lightning, explosion of any kind, gale, aircraft crash, and electric damage, and other risks, covering the bases and other branches of all subsidiaries, except RPR, which maintains its own insurance. The maximum compensation value, including loss of profits, based on the risk analysis of maximum loss possible at a certain site is US\$ 1,050 million.

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

Group Life and Personal Accident, Health, National and International Transportation and All Risks insurance policies are also maintained.

The coverages and limits of the insurance policies maintained are based on a careful study of risks and losses conducted by local insurance advisors, and the type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies. The risk assumptions adopted, given their nature, are not part of the scope of a review on interim financial information, and consequently haven't been reviewed by our independent accountants.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

d. Operating lease contracts

The subsidiaries IPP and Serma have operating lease contracts for the use of IT equipment.

These contracts have terms of 36 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option.

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 03/31/2010 | 12/31/2009 |
|------------------|------------|------------|
| Up to 1 year     | 554        | 554        |
| More than 1 year | 553        | 692        |
|                  | 1,107      | 1,246      |

The total payments of operating lease recognized as expense for the period was R\$ 139 (R\$ 517 as of March 31, 2009).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

25. Employee benefits and private pension plan (Consolidated)

a. ULTRAPREV- Associação de Previdência Complementar

The Company and its subsidiaries offer a defined-contribution pension plan to its employees, which is managed by Ultraprev - Associação de Previdência Complementar. Under the plan, the basic contribution of each participating employee is calculated by multiplying a percentage ranging from 0% to 11%, which is annually defined by the participant based on his/her salary. The sponsor companies match the amount of the basic contribution paid by the participant. As the participants retire, they choose to receive monthly either: (i) a percentage, ranging from 0.5% to 1.0%, of the fund accumulated for the participant with Ultraprev; or (ii) a fixed monthly amount that will exhaust the fund accumulated for the participant within a period ranging from 5 to 25 years. Thus, the Company and its subsidiaries do not assume responsibility for guaranteeing amounts and periods of pension benefits. As of March 31, 2010, the Company and its subsidiaries contributed R\$ 3,216 (R\$ 2,227 as of March 31, 2009) to Ultraprev, which amount is recorded as expense in the income statement for the year. The total number of employees participating in the plan as of March 31, 2010 was 7,162 active participants and 41 retired participants. In addition, Ultraprev had 30 former employees receiving benefits under the previous plan whose reserves are fully constituted.

b. Post-employment benefits

Ipiranga and RPR recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Severance Pay Fund, and health and life insurance plan for eligible retirees.

The net liabilities for such benefits recorded as of March 31, 2010 are R\$ 102,040 (R\$ 102,040 as of December 31, 2009), of which R\$ 11,955 (R\$ 11,960 as of December 31, 2009) are recorded as current liabilities and R\$ 90,085 (R\$ 90,080 as of December 31, 2009) as long-term liabilities.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary and are recorded in the interim financial statements in accordance with Resolution CVM 371/2000.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 26. Expenses by nature

The Company opted for disclosing its consolidated income statement by function and is presenting below its breakdown by nature:

|   | 03/31/2010       | 03/31/2009       |
|---|------------------|------------------|
| Raw materials and materials for use and consumption | 9,053,460        | 5,718,964        |
| Freight and storage                                 | 139,963          | 106,337          |
| Depreciation and amortization                       | 133,108          | 107,032          |
| Personnel expenses                                  | 252,439          | 215,147          |
| Advertising and marketing                           | 34,909           | 22,559           |
| Services provided by third parties                  | 29,012           | 21,138           |
| Lease of real property and equipment                | 14,244           | 12,994           |
| Other expenses                                      | 37,320           | 32,540           |
| <b>Total</b>  | <b>9,694,455</b> | <b>6,236,711</b> |
| Classified as:                                      |                  |                  |
| Cost of products and services sold                  | 9,238,514        | 5,908,661        |
| General and administrative                          | 176,442          | 149,104          |
| Selling and marketing                               | 279,499          | 178,946          |
| <b>Total</b>  | <b>9,694,455</b> | <b>6,236,711</b> |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 27. Earnings per share

The table below presents a reconciliation of numerators and denominators used in the computing earnings per share. As mentioned in Note 9.c), the Company has a share compensation plan. The impact of this share compensation plan on earnings per share was minimal for all the periods presented and consequently, the Company has not been presenting a separate calculation of diluted earnings per share.

|  | 03/31//2010 | 03/31/2009 |
|--|-------------|------------|
| Net income attributable to shareholders of the Company | 125,235     | 91,816     |
| Weighted average shares outstanding (in thousands)     | 133,951     | 133,888    |
| Basic and diluted earnings per share – whole R\$       | 0.93        | 0.69       |

## 28. Other comprehensive income

Other comprehensive income comprises movements recognized directly in shareholders' equity, such as the valuation adjustment and the cumulative translation adjustments, which, if recognized in income statement, would affect the net income.

|   | 03/31//2010 | 03/31/2009 |
|---|-------------|------------|
| Net income attributable to shareholders of the Company                              | 125,235     | 91,816     |
| Net income attributable of non-controlling interest in subsidiaries                 | (3,193 )    | 1,355      |
| Net income under New BR GAAP  | 122,042     | 93,171     |
| Valuation adjustment (see Note 19.g)  | 2,031       | 600        |
| Cumulative translation adjustments (see Note 19.h)                                  | (13,745 )   | (1,070 )   |
| Total comprehensive income  | 110,328     | 92,701     |
| Total comprehensive income attributable to shareholders of the Company              | 113,521     | 91,346     |
| Total comprehensive income attributable of non-controlling interest in subsidiaries | (3,193 )    | 1,355      |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

29. Other information – Market announcement

In March 31, 2010, the Company announced to market that had signed a sale and purchase agreement (“SPA”) to sell the in-house logistics, solid bulk storage and road transportation businesses of Ultracargo Participações to Aqces Logística Internacional Ltda. (“Aqces”). The transaction value is R\$ 82 million, subject to adjustments on the closing date. Under the terms of the SPA, closing of the transaction is subject to certain conditions precedent, notably the segregation of the in-house logistics, solid bulk storage and road transportation operations, with the transfer of the respective assets, contracts, licenses and employees from Ultracargo Participações to its subsidiaries AGT – Armazéns Gerais e Transporte Ltda. (“AGT”) and Petrolog Serviços e Armazéns Gerais Ltda. (“Petrolog”). On the closing date, which is expected to occur in mid-2010, shares of AGT and Petrolog will be transferred to Aqces. This transaction allows Ultracargo Participações to focus exclusively on its liquid bulk storage business, segment in which it has a leadership position and which already represented approximately 85% of the results after the recent acquisitions of União Terminais and Puma and investments in capacity expansions at the Aratu, Santos and Suape terminals.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Other information considered material by the company

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council as of March 31, 2010 (number of shares):

|                          | Mar-31-10  |           |            |
|--------------------------|------------|-----------|------------|
|                          | Common     | Preferred | Total      |
| Controlling Shareholders | 33,748,057 | 40,271    | 33,788,328 |
| Board of Directors 1     | 46         | 42,007    | 42,053     |
| Officers 2               | –          | 260,775   | 260,775    |
| Fiscal Council           | –          | 1,100     | 1,100      |

Note: 1 Shares owned by members of the Board of Directors which were not included in Controlling Shareholders' position.

Should the member not be part of the controlling group, only its direct ownership is included.

2 Shares owned by Officers which were not included in Controlling Shareholders' position.

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council (number of shares)

|                          | Mar-31-10  |           |            | Mar-31-09  |           |            |
|--------------------------|------------|-----------|------------|------------|-----------|------------|
|                          | Common     | Preferred | Total      | Common     | Preferred | Total      |
| Controlling Shareholders | 33,748,057 | 40,271    | 33,788,328 | 33,748,057 | 294,732   | 34,042,789 |
| Board of Directors 1     | 46         | 42,007    | 42,053     | 46         | 7         | 53         |
| Officers 2               | –          | 260,775   | 260,775    | –          | 251,073   | 251,073    |
| Fiscal Council           | –          | 1,100     | 1,100      | –          | 1,071     | 1,071      |

Note: 1 Shares owned by members of the Board of Directors which were not included in Controlling Shareholders' position.

2 Shares which were not included in Controlling Shareholders' positions.

Total free float and its percentage of total shares as of March 31, 2010 (number of shares)

|  | Common     | Preferred  | Total       |
|--|------------|------------|-------------|
| Total Shares                                 | 49,429,897 | 86,666,102 | 136,095,999 |
| (-) Shares held in treasury                  | 6,617      | 2,138,772  | 2,145,389   |
| (-) Shares owned by Controlling Shareholders | 33,748,057 | 40,271     | 33,788,328  |
| (-) Shares owned by Management               | 46         | 302,782    | 302,828     |
| (-) Shares owned by affiliates *             | –          | 192,700    | 192,700     |
| Free-float                                   | 15,675,177 | 83,991,577 | 99,666,754  |

|                             |       |   |       |   |       |   |
|-----------------------------|-------|---|-------|---|-------|---|
| % Free-float / Total Shares | 31.71 | % | 96.91 | % | 73.23 | % |
| *Subsidiaries               |       |   |       |   |       |   |

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The Company's shareholders that hold more than 5% of voting or non-voting capital, up to the individual level, and breakdown of their shareholdings as of March 31, 2010 (number of shares)

## ULTRAPAR PARTICIPAÇÕES

| S.A  | Common            | %             | Preferred         | %             | Total              | %             |
|--|-------------------|---------------|-------------------|---------------|--------------------|---------------|
| Ultra S.A. Participações                                   | 32,646,694        | 66.05         | 12                | 0.00          | 32,646,706         | 23.99         |
| Aberdeen Asset Management PLC 1                            | –                 | –             | 11,942,785        | 13.78         | 11,942,785         | 8.78          |
| Parth Investments Company 2                                | 9,311,730         | 18.84         | 1,396,759         | 1.61          | 10,708,489         | 7.87          |
| Caixa de Previdência dos Funcionários do Banco do Brasil 3 | –                 | –             | 8,949,824         | 10.33         | 8,949,824          | 6.58          |
| Monteiro Aranha S.A. 4                                     | 5,212,637         | 10.55         | 1,011,888         | 1.17          | 6,224,525          | 4.57          |
| Dodge & Cox, Inc. 5  | –                 | –             | 6,067,632         | 7.00          | 6,067,632          | 4.46          |
| Genesis Asset Management LLP1                              | –                 | –             | 4,341,794         | 5.01          | 4,341,794          | 3.19          |
| Shares held in treasury                                    | 6,617             | 0.01          | 2,138,772         | 2.47          | 2,145,389          | 1.58          |
| Others   | 2,252,219         | 4.56          | 50,816,636        | 58.63         | 53,068,855         | 38.99         |
| <b>TOTAL</b>   | <b>49,429,897</b> | <b>100.00</b> | <b>86,666,102</b> | <b>100.00</b> | <b>136,095,999</b> | <b>100.00</b> |

1 Fund managers headquartered in England (according to relevant shareholder position notice disclosed by the respective funds)

2 Company headquartered outside of Brazil, ownership information is not available

3 Pension fund of employees of Banco do Brasil headquartered in Brazil

4 Brazilian public listed company, ownership information is publicly available

5 Fund manager headquartered in the United States

| ULTRA S.A. PARTICIPAÇÕES      | Common            | %             | Preferred         | %             | Total             | %             |
|-------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| Fábio Igel                    | 12,065,160        | 19.09         | 4,954,685         | 19.55         | 17,019,845        | 19.22         |
| Ana Maria Villela Igel        | 2,570,136         | 4.07          | 9,208,690         | 36.34         | 11,778,826        | 13.30         |
| Christy Participações Ltda.   | 6,425,199         | 10.17         | 4,990,444         | 19.69         | 11,415,643        | 12.89         |
| Paulo Guilherme Aguiar Cunha  | 10,654,109        | 16.86         | –                 | –             | 10,654,109        | 12.03         |
| Márcia Igel Joppert           | 7,084,323         | 11.21         | 2,062,988         | 8.14          | 9,147,311         | 10.33         |
| Rogério Igel                  | 7,311,004         | 11.57         | 1,615,027         | 6.37          | 8,926,031         | 10.08         |
| Joyce Igel de Castro Andrade  | 6,398,967         | 10.12         | 2,062,989         | 8.14          | 8,461,956         | 9.56          |
| Lucio de Castro Andrade Filho | 3,775,470         | 5.97          | –                 | –             | 3,775,470         | 4.26          |
| Others                        | 6,917,680         | 10.95         | 448,063           | 1.77          | 7,365,743         | 8.32          |
| <b>TOTAL</b>                  | <b>63,202,048</b> | <b>100.00</b> | <b>25,342,886</b> | <b>100.00</b> | <b>88,544,934</b> | <b>100.00</b> |

Others: other individuals, none of them holding more than 5%

| CHRISTY PARTICIPAÇÕES S.A | Capital Stock | % |
|---------------------------|---------------|---|
|---------------------------|---------------|---|

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|                                     |       |        |   |
|-------------------------------------|-------|--------|---|
| Maria da Conceição Coutinho Beltrão | 3,066 | 34.90  | % |
| Hélio Marcos Coutinho Beltrão       | 1,906 | 21.70  | % |
| Cristiana Coutinho Beltrão          | 1,906 | 21.70  | % |
| Maria Coutinho Beltrão              | 1,906 | 21.70  | % |
| TOTAL                               | 8,784 | 100.00 | % |

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Interest in the subsidiaries

| 1 - Item | 2 - Company name  | 3 - Corporate taxpayer number (CNPJ) | 4 - Classification                | 5 - % of ownership interest in investee | 6 - % of Investor's shareholdings in equity | 7 - Type of company              | 8 - Number of shares held in the current quarter (in thousands) | 9 - Number of shares held in the prior quarter (in thousands) |
|----------|---|--------------------------------------|-----------------------------------|---|---|----------------------------------|---|---|
| 1        | Ultracargo - Operações Logísticas e Participações Ltda.     | 34.266.973/0001-99                   | Closely-held subsidiary           | 100%                                    | 13.54%                                      | Commercial. industrial and other | 9,324   | 9,324   |
| 2        | Transultra - Armazenagem Transportes Especiais Ltda.        | 60.959.889/0001-60                   | Investee of subsidiary/affiliated | 100%                                    | 1.52%                                       | Commercial. industrial and other | 34,999  | 34,999  |
| 3        | Petrolog Serviços e Armazéns Gerais Ltda.                   | 05.850.071/0001-05                   | Investee of subsidiary/affiliated | 100%                                    | 0.14%                                       | Commercial. industrial and other | 412   | 412   |
| 4        | AGT - Armazéns Gerais e Transportes Ltda.                   | 11.404.873/0001-86                   | Investee of subsidiary/affiliated | 100%                                    | 0.01%                                       | Commercial. industrial and other | 10  | 10  |
| 5        | Terminal Químico de Aratu S.A.                              | 14.688.220/0001-64                   | Investee of subsidiary/affiliated | 99%                                     | 13.27%                                      | Commercial. industrial and other | 63,372  | 63,372  |
| 6        | União/Vopak Armazéns Gerais Ltda.                           | 77.632.644/0001-27                   | Investee of subsidiary/affiliated | 50%                                     | 0.10%                                       | Commercial. industrial and other | 30  | 30  |
| 7        | Ultracargo Argentina S.A.                                   | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.01%                                       | Commercial. industrial and other | 507   | 507   |
| 8        | Oxiten S.A. Indústria e Comércio                            | 62.545.686/0001-53                   | Closely-held subsidiary           | 100%                                    | 31.35%                                      | Commercial. industrial and other | 35,102  | 35,102  |
| 9        | Oxiten Nordeste S.A. Indústria e Comércio                   | 14.109.664/0001-06                   | Investee of subsidiary/affiliated | 100%                                    | 15.40%                                      | Commercial. industrial and other | 8,505   | 8,505   |
| 10       | Oxiten Argentina Sociedad de Responsabilidad Ltda.          | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.01%                                       | Commercial. industrial and other | 117   | 98  |
| 11       | Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | 07.080.388/0001-27                   | Investee of subsidiary/affiliated | 100%                                    | 9.00%                                       | Commercial. industrial and other | 490,815   | 490,815   |
| 12       | Barrington S.L.   | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.80%                                       | Commercial. industrial and other | 554   | 554   |
| 13       |   | OFF-SHORE                            |                                   | 100%                                    | 0.53%                                       |                                  | 122,048   | 122,048   |

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|    |  |                    |                                   |      |        |  |                                  |             |          |
|----|--|--------------------|-----------------------------------|------|--------|--|----------------------------------|-------------|----------|
|    | Oxitemo Mexico S.A. de CV                                  |                    | Investee of subsidiary/affiliated |      |        |  | Commercial. industrial and other |             |          |
| 14 | Oxitemo Andina. C.A .                                      | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.37 % |  | Commercial. industrial and other | 12,076      | 12,076   |
| 15 | Oxitemo Europe SPRL  | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.02 % |  | Commercial. industrial and other | 1           | 1        |
| 16 | U. A. T. E. S. P. E. Empreendimentos e Participações Ltda. | 09.364.319/0001-70 | Investee of subsidiary/affiliated | 100% | 0.46 % |  | Commercial. industrial and other | 18,220      | 18,220   |
| 17 | Empresa Carioca de Produtos Químicos S.A.                  | 33.346.586/0001-08 | Investee of subsidiary/affiliated | 100% | 0.45 % |  | Commercial. industrial and other | 199,323     | 199,323  |
| 35 | Ipiranga Produtos de Petróleo S.A.                         | 33.337.122/0001-27 | Closely-held subsidiary           | 100% | 57.30% |  | Commercial. industrial and other | 224,467,228 | 224,467, |
| 20 | Centro de Conveniencias Millennium Ltda.                   | 03.546.544/0001-41 | Investee of subsidiary/affiliated | 100% | 0.04 % |  | Commercial. industrial and other | 1,171       | 1,171    |
| 21 | Conveniências Ipiranga Norte Ltda.                         | 05.378.404/0001-37 | Investee of subsidiary/affiliated | 100% | 0.07 % |  | Commercial. industrial and other | 164         | 164      |
| 22 | Ipiranga Trading Ltd.                                      | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.01 % |  | Commercial. industrial and other | 50          | 50       |
| 23 | Tropical Transportes Ipiranga Ltda.                        | 42.310.177/0001-34 | Investee of subsidiary/affiliated | 100% | 0.40 % |  | Commercial. industrial and other | 254         | 254      |
| 24 | Ipiranga Imobiliária Ltda.                                 | 07.319.798/0001-88 | Investee of subsidiary/affiliated | 100% | 0.39 % |  | Commercial. industrial and other | 15,647      | 15,647   |
| 25 | Ipiranga Logística Ltda.                                   | 08.017.542/0001-89 | Investee of subsidiary/affiliated | 100% | 0.01 % |  | Commercial. industrial and other | 510         | 510      |
| 26 | Maxfácil Participações S.A.                                | 08.077.294/0001-61 | Investee of subsidiary/affiliated | 50 % | 1.84 % |  | Commercial. industrial and other | 11          | 11       |
| 27 | Isa-Sul Administração e Participações Ltda.                | 89.548.606/0001-70 | Investee of subsidiary/affiliated | 100% | 0.14 % |  | Commercial. industrial and other | 3,515       | 3,515    |
| 28 | Comercial Farroupilha Ltda.                                | 92.766.484/0001-00 | Investee of subsidiary/affiliated | 0 %  | 0.00 % |  | Commercial. industrial and other | 0           | 1,615    |
| 29 | Imaven Imóveis Ltda.                                       | 61.604.112/0001-46 | Investee of subsidiary/affiliated | 100% | 4.16 % |  | Commercial. industrial and other | 116,179     | 116,179  |
| 30 | Companhia Ultragaz S.A.                                    | 61.602.199/0001-12 | Investee of subsidiary/affiliated | 99 % | 8.24 % |  | Commercial. industrial and other | 800,033     | 800,033  |

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|    |  |                    |                                      |      |        |  |        |        |
|----|--|--------------------|--------------------------------------|------|--------|--|--------|--------|
| 31 | Bahiana<br>Distribuidora de Gás<br>Ltda.                           | 46.395.687/0001-02 | Investee of<br>subsidiary/affiliated | 100% | 4.27 % | Commercial.<br>industrial<br>and other | 24     | 24     |
| 32 | Utingás<br>Armazenadora S.A.                                       | 61.916.920/0001-49 | Investee of<br>subsidiary/affiliated | 56 % | 0.28 % | Commercial.<br>industrial<br>and other | 3,074  | 5,718  |
| 33 | LPG International<br>INC.  | OFF-SHORE          | Investee of<br>subsidiary/affiliated | 100% | 0.18 % | Commercial.<br>industrial<br>and other | 1      | 1      |
| 19 | am/pm Comestíveis<br>Ltda.   | 40.299.810/0001-05 | Investee of<br>subsidiary/affiliated | 100% | 0.46 % | Commercial.<br>industrial<br>and other | 13,497 | 13,497 |
| 36 | S.A. de<br>Óleo Galena-Signal                                      | 61.429.387/0001-90 | Investee of<br>subsidiary/affiliated | 100% | 0.05 % | Commercial.<br>industrial<br>and other | 100    | 100    |
| 37 | Oil Trading<br>Importadora e<br>Exportadora Ltda.                  | 11.454.455/0001-01 | Investee of<br>subsidiary/affiliated | 100% | 0.81 % | Commercial.<br>industrial<br>and other | 40,000 | 40,000 |
| 38 | Refinaria de Petróleo<br>Riogranadense S.A.                        | 94.845.674/0001-30 | Closely-held<br>subsidiary           | 33 % | 0.05 % | Commercial.<br>industrial<br>and other | 5,079  | 5,079  |
| 39 | Serma<br>Assoc.Usuarios<br>Equip. Proc. Dados e<br>Serv.Correlatos | 61.601.951/0001-00 | Closely-held<br>subsidiary           | 100% | 0.01 % | Commercial.<br>industrial<br>and other | 8,059  | 8,059  |

## ULTRAPAR PARTICIPAÇÕES S.A.

## MD&amp;A - ANALYSIS OF CONSOLIDATED EARNINGS

First Quarter 2010

## (1) Key Indicators - Consolidated:

| (R\$ million)  | 1Q10      | 1Q09      | 4Q09      | Change<br>1Q10 X 1Q09 | Change<br>1Q10 x 4Q09 |
|--|-----------|-----------|-----------|-----------------------|-----------------------|
| Net sales and services                               | 9,933.4   | 6,409.4   | 10,417.0  | 55%                   | -5%                   |
| Cost of sales and services                           | (9,238.5) | (5,908.7) | (9,672.8) | 56%                   | -4%                   |
| Gross Profit   | 694.9     | 500.7     | 744.2     | 39%                   | -7%                   |
| Selling, general and administrative expenses         | (455.9)   | (328.1)   | (494.3)   | 39%                   | -8%                   |
| Other operating income (expense), net                | 7.1       | 5.3       | 10.0      | 34%                   | -29%                  |
| Income on disposal of assets                         | 0.4       | 2.8       | 3.1       | -86%                  | -87%                  |
| Income from operations before financial items        | 246.4     | 180.7     | 263.0     | 36%                   | -6%                   |
| Financial (expense) income, net                      | (73.3)    | (57.8)    | (77.0)    | 27%                   | -5%                   |
| Equity in subsidiaries and affiliated companies      | 0.0       | (0.1)     | 0.1       | -125%                 | -81%                  |
| Income before taxes and social contribution          | 173.2     | 122.8     | 186.2     | 41%                   | -7%                   |
| Income and social contribution taxes                 | (58.3)    | (36.6)    | (59.0)    | 59%                   | -1%                   |
| Benefit of tax holidays                              | 7.1       | 6.9       | 5.4       | 3%                    | 32%                   |
| Net income for the year                              | 122.0     | 93.2      | 132.6     | 31%                   | -8%                   |
| Net income attributable to Ultrapar                  | 125.2     | 91.8      | 132.7     | 36%                   | -6%                   |
| Net income attributable to non-controlling interests | (3.2)     | 1.4       | (0.1)     | -336%                 | 2884%                 |
| EBITDA   | 379.1     | 285.0     | 408.0     | 33%                   | -7%                   |
| Volume – LPG sales – thousand tons                   | 370.6     | 363.9     | 399.5     | 2%                    | -7%                   |
| Volume – Fuels sales – thousand of cubic meters      | 4,596.8   | 2,770.0   | 5,022.1   | 66%                   | -8%                   |
| Volume – Chemicals sales – thousand tons             | 163.8     | 123.7     | 181.7     | 32%                   | -10%                  |





Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

Ultrapar's financial statements for the year ended December 31st, 2009 were prepared in accordance with the accounting directives set out in the Brazilian Corporate Law, being adopted the alterations introduced by Laws 11,638/07 and 11,941/09 (former Provisional Measure 449/08), as well as the CVM standards, instructions and guidelines, which regulate them. In connection with the process of converging the accounting practices adopted in Brazil to the international financial reporting standards (IFRS), several guidelines, interpretations, and orientations were issued during 2009 and 2010 establishing a new accounting standard in Brazil ("New BR GAAP"). Ultrapar decided to adopt the New BR GAAP in its interim financial statements for the nine-month period ended September 30th, 2010 and information for 2009 contained therein. The interim financial statements for June 30th, 2010 and March 31st, 2010, as well as the information for 2009, were restated and presented in accordance with the New BR GAAP, as described in Note 3 to the interim financial statements for September 30th, 2010.

For an understanding of the effects of the adoption of the new legislation, we released financial spreadsheets on CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)) as well as on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)) demonstrating the impacts of the accounting changes introduced by the New BR GAAP on the main line items of the quarterly financial statements for 2009 and 2010, year ended December 31st, 2009, and nine-month period ended September 30th, 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 New BR GAAP is available in notes 2 and 3 of the interim financial statements for September 30th, 2010.

The financial information of Ultragas, Ipiranga, Oxiteno, and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of 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 of 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 closing of the transaction on March 31st, 2009. Ultrapar's financial statements in periods prior to 2Q09 do not include Texaco's results.

## (2) Performance Analysis:

**Net Sales and Services:** Ultrapar's consolidated net sales and services amounted to R\$ 9,933 million in 1Q10, up 55% over 1Q09, mainly as a consequence of the consolidation of Texaco from 2Q09 onwards and the growth in sales in all businesses. Compared with 4Q09, Ultrapar's net sales and services declined by 5% due to seasonality between periods.

**Ultragas:** In 1Q10, Ultragas's sales volume amounted to 371 thousand tons, up 2% over 1Q09. In the bottled segment, Ultragas sales volume remained stable compared with 1Q09. In the bulk segment, sales volume grew by 6% due to the higher level of economic activity and recovery of manufacturing activity. Compared with 4Q09, Ultragas's sales volume decreased by 7%, as a result of seasonality between periods. Ultragas's net sales and services amounted to R\$ 842 million in 1Q10, up 10% over 1Q09, due to an increase in sales volume, a rise in the cost of LPG used in the bulk segment and commercial initiatives and operational efficiency programs implemented. Compared with 4Q09, net sales and services declined by 5% as a consequence of seasonally lower sales volume, partially offset by the effect of an increase in the cost of LPG used in the bulk segment.

**Ipiranga:** Ipiranga's sales volume totaled 4,597 thousand cubic meters in 1Q10, 66% higher than that in 1Q09. Sales volume of fuels for light vehicles grew by 69%, mainly as a consequence of the consolidation of Texaco's volume from April 1st, 2009 onwards and the increase in the light vehicle fleet during the last 12 months, especially the increase in sales volume of gasoline due to the lower availability of ethanol. Diesel volume grew by 65% due to the consolidation of Texaco's volume from April 1st, 2009 onwards and the higher level of economic activity in 1Q10. Compared with 4Q09, sales volume decreased by 8%, especially as a result of seasonality between quarters. Ipiranga's net sales and services amounted to R\$ 8,565 million in 1Q10, up 68% over 1Q09, especially as a result of a 66% increase in sales volume, an increased share of gasoline in the product mix and an increase in ethanol costs due to the reduced availability of the product in 1Q10, partially offset by a reduction in the diesel ex-refinery cost in June 2009. Compared with 4Q09, net sales and services declined by 5%, mainly due to a 8% decrease in sales volume.

**Oxiteno:** Oxiteno's sales volume totaled 164 thousand tons, up 32% (40 thousand tons) over 1Q09, with a 31% increase in sales volume of specialty chemicals, as a result of the higher level of economic activity compared with 1Q09, initiatives to replace imports and expansions in the production capacity. In the Brazilian market, sales volume rose by 35% (31 thousand tons), with a positive progression in all markets, especially in specialty chemicals sold to the cosmetics, agrochemicals and paints and varnishes industries. Sales volume outside Brazil grew by 26% (10 thousand tons) due to an increase in sales of specialty chemicals as a result of the capacity expansions. Compared with 4Q09, sales volume decreased by 10% (18 thousand tons), as a result of seasonality between quarters. Oxiteno's net sales and services totaled R\$ 472 million in 1Q10, up 3% over 1Q09, despite the 22% stronger Real, as a consequence of the 32% growth in sales volume. Compared with 4Q09, net sales and services declined by 7%, mainly due to the 10% reduction in sales volume.

**Ultracargo:** In 1Q10, Ultracargo reported a 23% and 25% increase in average effective storage measured in cubic meters compared with 1Q09 and 4Q09, respectively, due to the consolidation of the acquired terminal in Suape in December 2009 and higher volume of operations in Santos and Aratu terminals, as a result of capacity expansions and the economic growth. In the transportation segment, total kilometrage travelled declined by 19% compared with 1Q09, especially due to Ultracargo's decision to reduce its presence in some segments during 2009. Compared with 4Q09, total kilometrage travelled declined by 3%. Ultracargo's net sales and services amounted to R\$ 82 million in 1Q10, up 1% from 1Q09, despite the 23% increase in average storage, due to a reduction in kilometrage travelled. Compared with 4Q09, Ultracargo's net sales and services grew by 4%, mainly due to the progression in average storage.

**Cost of Good Sold:** Ultrapar's cost of goods sold amounted to R\$ 9,239 million in 1Q10, up 56% from 1Q09, especially as a result of the consolidation of Texaco from 2Q09 onwards and higher volume of operations in all

business. Compared with 4Q09, Ultrapar's cost of goods sold declined by 4%, especially due to seasonality between quarters.

Ultragaz: Ultragaz's cost of goods sold amounted to R\$ 715 million in 1Q10, up 6% over 1Q09, as a consequence of a 6% increase in ex-refinery cost of LPG used in the bulk segment from January 2010 and higher

sales volume. Compared with 4Q09, the cost of goods sold declined by 5%, in line with the sales volume variation – higher ex-refinery cost of LPG used in the bulk segment was offset in the quarter by lower distribution costs, especially lower costs with bottles re-qualification.

Ipiranga: Ipiranga's cost of goods sold amounted to R\$ 8,124 million in 1Q10, up 68% over 1Q09, especially due to a 66% increase in sales volume, an increased share of gasoline in the product mix and an increase in ethanol costs in 1Q10, partially offset by a reduction in the diesel ex-refinery cost in June 2009. In relation to 4Q09, cost of goods sold declined by 4%, due to the 8% reduction in sales volume.

Oxiteno: Oxiteno's cost of goods sold in 1Q10 amounted to R\$ 395 million, up 5% over 1Q09, as a result of the 32% increase in sales volume and higher costs of raw material in dollars, partially offset by the 22% stronger Real. Compared with 4Q09, Oxiteno's cost of goods sold declined by 7%, almost in line with sales volume variation, with variations in raw material prices in dollars offset by those in the exchange rate.

Ultracargo: Ultracargo's cost of services provided amounted to R\$ 41 million in 1Q10, down 16% over 1Q09, mainly due to its reduced presence in the transportation segment and a R\$ 5 million reduction in depreciation resulting from the revision in the useful life of assets. Compared with 4Q09, Ultracargo's cost of services provided declined by 18%, especially due to increased expenses for scheduled maintenance of terminals in 4Q09 and the R\$ 5 million reduction in depreciation.

Gross profit: Ultrapar's gross profit amounted to R\$ 695 million in 1Q10, up 39% from 1Q09 as a consequence of the growth seen in Ipiranga, Ultragaz and Ultracargo and the consolidation of Texaco from 2Q09 on. Compared with 4Q09, Ultrapar's gross profit decreased by 7%, as a consequence of seasonality in its businesses.

Sales, General and Administrative Expenses: Ultrapar's sales, general and administrative expenses amounted to R\$ 456 million in 1Q10, up 39% from 1Q09, basically as a result of Texaco's consolidation from 2Q09 onwards and non-recurring expenses related to the integration of its operations into Ultrapar. Compared with 4Q09, Ultrapar's sales, general and administrative expenses declined by 8%.

Ultragaz: Ultragaz's sales, general and administrative expenses amounted to R\$ 88 million in 1Q10, up 33% over 1Q09 as a consequence of (i) increased expenses related to promotional and sales campaigns, (ii) the effects of inflation on personnel expenses, and (iii) higher variable compensation, in line with the earnings progression. Compared with 4Q09, sales, general and administrative expenses decreased by 11% as a consequence of seasonally lower sales volume.

Ipiranga: Ipiranga's sales, general and administrative expenses amounted to R\$ 285 million in 1Q10, up 59% from 1Q09, mainly due to the consolidation of Texaco from 2Q09 onwards. In relation to 4Q09, sales, general and administrative expenses declined by 7% due to lower sales volume, partially offset by a concentration of advertising and marketing expenses in the first quarter.

Oxiteno: Oxiteno's sales, general and administrative expenses totaled R\$ 64 million in 1Q10, up 8% from 1Q09 mainly due to higher freight expenses resulting from the 32% increase in sales volume, partially offset by expense reduction initiatives implemented, lower variable compensation and the effect of a stronger Real over international freight expenses. Compared with 4Q09, Oxiteno's sales, general and administrative expenses declined by 4% especially due to the seasonally lower volume.

Ultracargo: Ultracargo's sales, general and administrative expenses totaled R\$ 20 million in 1Q10, down 14% from 1Q09, despite the 23% growth in stored volume, especially as a result of its reduced presence in the transportation segment and operational synergies resulting from União Terminais' integration during 2009. Compared with 4Q09,

Ultracargo's sales, general and administrative expenses decreased by 11%, especially due to the higher variable compensation in 4Q09, in line with the strong earnings progression reported in 2009.

Income from Operations before Financial Items: Ultrapar's income from operations before financial items amounted to R\$ 246 million in 1Q10, up 36% from 1Q09 as a consequence of the increase in the income from operations before financial items of Ipiranga, Ultragaz and Ultracargo. Compared with 4Q09, Ultrapar's income from operations before financial items decreased by 6%, as a consequence of seasonality in its businesses.

Depreciation and Amortization: Total depreciation and amortization costs and expenses in 1Q10 amounted to R\$ 133 million, up R\$ 26 million from 1Q09 and down R\$ 15 million from 4Q09. The reduction compared with 4Q09 is a result of the revision in the economic useful life of assets in accordance with Technical Standard ICPC (Brazilian Accounting Pronouncements Committee) 10 and in effect from January 1st, 2010 onwards.

Financial result: Ultrapar reported net financial expense of R\$ 73 million in 1Q10, R\$ 15 million higher than that of 1Q09, mainly as a result of the higher average net debt resulting from the disbursement related to the acquisition of Texaco on March 31st, 2009. Compared with 4Q09, net financial expense decreased by R\$ 4 million.

Income and Social Contribution / Benefit of Tax Holidays: Ultrapar reported income tax and social contribution expenses, net of benefit of tax holidays of R\$ 51 million in 1Q10, compared with an expense R\$ 30 million in 1Q09, basically as a result of a higher pre-tax profit in 1Q10. Compared with 4Q09, income tax and social contribution expenses, net of benefit of tax holidays decreased by 4%.

Net Earnings: Ultrapar's consolidated net earnings in 1Q10 amounted to R\$ 122 million, a growth of 31% over 1Q09 and 8% lower than that of 4Q09, especially due to variations in EBITDA in relation to the compared periods.

EBITDA: Ultrapar's EBITDA amounted to R\$ 379 million in 1Q10, 33% growth over 1Q09, mainly as a consequence of the consolidation of Texaco from 2Q09 onwards and EBITDA growth in Ipiranga, Ultragaz and Ultracargo. Compared with 4Q09, Ultrapar's EBITDA declined by 7%, especially due to the seasonal volume reduction between periods.

Ultragaz: Ultragaz's EBITDA amounted to R\$ 71 million in 1Q10, up 36% over 1Q09, especially due to a recovery in margins, to which the operational efficiency programs implemented contributed, and an improvement in the bulk segment performance, partially offset by an increase in expenses related to promotional and sales campaigns and higher variable compensation. Compared with 4Q09, Ultragaz's EBITDA grew by 16%, despite the seasonally lower volume, especially due to a R\$ 7 million extraordinary item related to tax contingencies in 4Q09.

Ipiranga: Ipiranga's EBITDA amounted to R\$ 228 million in 1Q10, up 48% over 1Q09, mainly as a consequence of the consolidation of Texaco from 2Q09 onwards, the implementation of the operational and administrative synergy plan and the improved product mix. Compared with 4Q09, Ipiranga's EBITDA decreased by 18%, especially due to the seasonally lower volume.

Oxitenó: Oxitenó's EBITDA amounted to R\$ 38 million in 1Q10, down 19% over 1Q09, especially due to the 22% stronger Real. Compared with 4Q09, Oxitenó's EBITDA grew by 1%, despite the seasonally lower volume, especially as a result of the gradual recovery in margins, the expense reduction initiatives and the 4% weaker Real. Oxitenó's unit EBITDA reached US\$ 129/ton in 1Q10, up 9% over 4Q09.

Ultracargo: Ultracargo's EBITDA amounted to R\$ 30 million, up 27% and 38% over 1Q09 and 4Q09, especially due to the higher volume of operations in its terminals and operational synergies resulting from União Terminais' integration during 2009.

## EBITDA

| R\$ million | 1Q10  | 1Q09  | 4Q09  | Change<br>1Q10 X 1Q09 | Change<br>1Q10 X 4Q09 |
|-------------|-------|-------|-------|-----------------------|-----------------------|
| Ultrapar    | 379.1 | 285.0 | 408.0 | 33%                   | -7%                   |
| Ultragaz    | 70.9  | 52.2  | 61.3  | 36%                   | 16%                   |
| Ipiranga    | 227.7 | 154.0 | 276.7 | 48%                   | -18%                  |
| Oxiteno     | 38.0  | 46.9  | 37.5  | -19%                  | 1%                    |
| Ultracargo  | 30.4  | 23.9  | 22.1  | 27%                   | 38%                   |

The purpose of including EBITDA information is to provide a measure for assessing our ability to generate cash from our operations. The EBITDA presented above was calculated based on the income before financial result, including depreciation and amortization and excluding income on disposal of assets. In managing our business we rely on EBITDA as a means for assessing our operating performance and a portion of our employee profit sharing plan is linked to EBITDA performance. Because EBITDA excludes income on disposal of assets, net financial income (expense), income tax, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of income on disposal of assets, depreciation and amortization. Accordingly, we believe that this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. We also calculate EBITDA in connection with covenants related to some of our financing. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. EBITDA is not a measure of financial performance under Brazilian GAAP. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation or capital expenditures and associated charges.

We hereby inform that in accordance with the requirements of CVM Resolution 381/03, our independent auditors KPMG Auditores Independentes have not performed during these first three months of 2010 any service other than the external audit of the financial statements of Ultrapar and affiliated companies and subsidiaries.



Item 2

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

Ultrapar Participações S.A. and Subsidiaries

Interim financial information  
June 30, 2010

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Ultrapar Participações S.A. and Subsidiaries

Interim financial statements

as of June 30, 2010 and 2009

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Independent auditors' review report

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

1. We have reviewed the Quarterly Financial Information of Ultrapar Participações S.A. (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended June 30, 2010, comprising the balance sheet, the statements of income, comprehensive income, cash flows, changes in shareholders' equity, explanatory notes and management report, which are the responsibility of its management.
2. Our review was conducted in accordance with the specific rules set forth by the IBRACON - The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council - CFC and consisted mainly of the following: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any material modifications that should be made in the accounting information included in the Quarterly Financial Information described above, for these to be in accordance with accounting practices adopted in Brazil, especially the Committee for Accounting Pronouncements – CPC n° 21 – Interim Financial Statements and the rules issued by the Brazilian Securities and Exchange Commission (CVM), which are applicable to the preparation of the Quarterly Financial Information.

4. As per Note n° 2, during the year of 2009 a number of Pronouncements, Interpretations and Technical Guidance issued by the Committee for Accounting Pronouncements – CPC – were approved by the Brazilian Securities and Exchange Commission (CVM), in effect as from January 1, 2010, and changed certain accounting practices adopted in Brazil. These changes were adopted by the Company and its subsidiaries in the preparation of the Quarterly Financial Information for the quarter ended June 30, 2010 and disclosed in Note n° 2. This Quarterly Financial Information restated herein and, therefore, differ from the one originally presented by the Company as of June 30, 2010, including our review report dated August 10, 2010. The Quarterly Financial Information for the year and period related to 2009, presented herein for comparison purposes, were adjusted to include the changes in the accounting practices adopted in Brazil in effect in 2010.

São Paulo, November 9, 2010

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Anselmo Neves Macedo  
Accountant CRC 1SP160482/O-6

Ultrapar Participações S.A. and Subsidiaries  
(Convenience Translation into English from the Original Previously Issued in Portuguese)

## IDENTIFICATION

## 01.01 - CAPITAL COMPOSITION

| Number of shares<br>(Thousands) | Current quarter<br>06/30/2010 | Prior quarter<br>03/31/2010 | Same quarter in prior year<br>06/30/2009 |
|---------------------------------|-------------------------------|-----------------------------|--|
| Paid-up Capital                 |                               |                             |  |
| 1 - Common                      | 49,430                        | 49,430                      | 49,430                                   |
| 2 - Preferred                   | 86,666                        | 86,666                      | 86,666                                   |
| 3 - Total                       | 136,096                       | 136,096                     | 136,096                                  |
| Treasury Share                  |                               |                             |  |
| 4 - Common                      | 7                             | 7                           | 7  |
| 5 - Preferred                   | 2,138                         | 2,138                       | 2,201                                    |
| 6 - Total                       | 2,145                         | 2,145                       | 2,208                                    |

## 01.02 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

| 1 - ITEM | 2 - EVENT | 3 - APPROVAL | 4 - REVENUE | 5 - BEGINNING<br>OF<br>PAYMENT | 7 - TYPE<br>OF SHARE | 8 - AMOUNT<br>PER SHARE |
|----------|-----------|--------------|-------------|--------------------------------|----------------------|-------------------------|
|----------|-----------|--------------|-------------|--------------------------------|----------------------|-------------------------|

## 01.03 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

| 1 - ITEM | 2 - DATE OF<br>ALTERATION | 3 - AMOUNT<br>OF THE<br>CAPITAL<br>(IN<br>THOUSANDS<br>OF REAIS) | 4 - AMOUNT<br>OF THE<br>ALTERATION<br>(IN<br>THOUSANDS<br>OF REAIS) | 5 - NATURE OF<br>ALTERATION | 7 - NUMBER<br>OF SHARES<br>ISSUED<br>(THOUSAND) | 8 - SHARE<br>PRICE ON<br>ISSUE DATE<br>(IN REAIS) |
|----------|---------------------------|--|---|-----------------------------|---|---|
|----------|---------------------------|--|---|-----------------------------|---|---|

## Ultrapar Participações S.A. and Subsidiaries

## Balance sheets

as of June 30, 2010 and March 31, 2010

(In thousands of Reais)

| Assets  | Note   | Parent           |                  | Consolidated      |                   |
|---|--------|------------------|------------------|-------------------|-------------------|
|   |        | 06/30/2010       | 03/31/2010       | 06/30/2010        | 03/31/2010        |
| <b>Current assets</b>                         |        |                  |                  |                   |                   |
| Cash and cash equivalents                     | 5      | 421,683          | 32,307           | 2,446,702         | 1,500,396         |
| Financial investments                         | 5      | 56,761           | 20,000           | 571,368           | 411,515           |
| Trade accounts receivable                     | 6      | -                | -                | 1,630,948         | 1,588,988         |
| Inventories                                   | 7      | -                | -                | 1,024,524         | 1,011,957         |
| Recoverable taxes                             | 8      | 31,690           | 37,344           | 310,506           | 310,490           |
| Dividends receivable                          |        | -                | 30               | -                 | -                 |
| Other receivables                             |        | 824              | 2,384            | 18,218            | 30,799            |
| Prepaid expenses                              | 11     | -                | -                | 37,996            | 47,548            |
| <b>Total current assets</b>                   |        | <b>510,958</b>   | <b>92,065</b>    | <b>6,040,262</b>  | <b>4,901,693</b>  |
| <b>Non-current assets</b>                     |        |                  |                  |                   |                   |
| <b>Long-term assets</b>                       |        |                  |                  |                   |                   |
| Financial investments                         | 5      | -                | -                | 9,228             | 7,193             |
| Trade accounts receivable                     | 6      | -                | -                | 68,596            | 75,612            |
| Related companies                             | 9.a)   | 770,674          | 750,000          | 10,174            | 9,376             |
| Deferred income and social contribution taxes | 10.a)  | 180              | 750              | 644,718           | 672,356           |
| Recoverable taxes                             | 8      | 34,001           | 21,586           | 78,341            | 65,136            |
| Escrow deposits                               |        | 232              | 232              | 332,771           | 323,809           |
| Other receivables                             |        | -                | -                | 969               | 1,195             |
| Prepaid expenses                              | 11     | -                | -                | 30,876            | 35,466            |
|   |        | <b>805,087</b>   | <b>772,568</b>   | <b>1,175,673</b>  | <b>1,190,143</b>  |
| <b>Investments</b>                            |        |                  |                  |                   |                   |
| Subsidiaries                                  | 12.a)  | 4,773,840        | 5,005,465        | -                 | -                 |
| Affiliates                                    | 12.b)  | -                | -                | 12,321            | 12,486            |
| Others  |        | -                | -                | 2,288             | 2,344             |
|   | 13 and |                  |                  |                   |                   |
| Property, plant and equipment                 | 16.g)  | -                | -                | 3,880,926         | 3,861,184         |
| Intangible assets                             | 14     | 246,163          | 246,163          | 1,231,580         | 1,202,698         |
| Deferred charges                              | 15     | -                | -                | 7,283             | 8,591             |
|   |        | <b>5,020,003</b> | <b>5,251,628</b> | <b>5,134,398</b>  | <b>5,087,303</b>  |
| <b>Total non-current assets</b>               |        | <b>5,825,090</b> | <b>6,024,196</b> | <b>6,310,071</b>  | <b>6,277,446</b>  |
| <b>Total assets</b>                           |        | <b>6,336,048</b> | <b>6,116,261</b> | <b>12,350,333</b> | <b>11,179,139</b> |

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



## Ultrapar Participações S.A. and Subsidiaries

## Balance sheets

as of June 30, 2010 and March 31, 2010

(In thousands of Reais)

| Liabilities                                   | Note  | Parent           |                  | Consolidated     |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 06/30/2010       | 03/31/2010       | 06/30/2010       | 03/31/2010       |
| <b>Current liabilities</b>                    |       |                  |                  |                  |                  |
| Loans and financing                           | 16    | -                | -                | 835,881          | 718,004          |
| Debentures                                    | 16.f) | 56,651           | 26,956           | 56,651           | 26,955           |
| Finance leases                                | 16.g) | -                | -                | 8,090            | 9,391            |
| Trade payables                                |       | 216              | 148              | 687,396          | 667,585          |
| Salaries and related charges                  |       | 110              | 100              | 167,191          | 133,079          |
| Taxes payable                                 |       | 30               | 53               | 148,989          | 158,025          |
| Dividends payable                             |       | 2,093            | 2,139            | 7,471            | 7,645            |
| Income tax and social contribution payable    |       | 5                | 5                | 40,242           | 38,225           |
| Post-employment benefits                      | 25.b) | -                | -                | 11,955           | 11,955           |
| Provision for contingencies                   | 24.a) | -                | -                | 23,087           | 21,660           |
| Provision for assets retirement obligation    | 17    | -                | -                | 5,703            | 5,848            |
| Deferred revenue                              | 18    |                  |                  | 13,362           | 18,708           |
| Other payables                                |       | 214              | 649              | 27,118           | 24,715           |
| <b>Total current liabilities</b>              |       | <b>59,319</b>    | <b>30,050</b>    | <b>2,033,136</b> | <b>1,841,795</b> |
| <b>Non-current liabilities</b>                |       |                  |                  |                  |                  |
| <b>Long-term liabilities</b>                  |       |                  |                  |                  |                  |
| Financing                                     | 16    | -                | -                | 3,317,120        | 2,514,027        |
| Debentures                                    | 16.f) | 1,190,252        | 1,188,795        | 1,190,252        | 1,188,795        |
| Finance leases                                | 16.g) | -                | -                | 1,569            | 3,045            |
| Related companies                             | 9.a)  | -                | -                | 4,021            | 4,071            |
| Deferred income and social contribution taxes | 10.a) | -                | -                | 27,919           | 19,198           |
| Provision for contingencies                   | 24.a) | 3,592            | 3,548            | 507,880          | 527,204          |
| Post-employment benefits                      | 25.b) | -                | -                | 90,085           | 90,085           |
| Provision for assets retirement obligation    | 17    |                  |                  | 59,233           | 60,001           |
| Deferred revenue                              | 18    |                  |                  | 4,646            | 5,167            |
| Other payables                                |       | -                | -                | 45,889           | 46,979           |
| <b>Total non-current liabilities</b>          |       | <b>1,193,844</b> | <b>1,192,343</b> | <b>5,248,614</b> | <b>4,458,572</b> |
| Non-controlling interest                      |       | -                | -                | 21,723           | 20,535           |
| <b>Shareholders' equity</b>                   |       |                  |                  |                  |                  |



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|   |                   |            |            |            |            |
|---|-------------------|------------|------------|------------|------------|
| Share capital                                 | 19.a)             | 3,696,773  | 3,696,773  | 3,696,773  | 3,696,773  |
| Capital reserve                               | 19.c)             | 4,482      | 4,482      | 1,576      | 1,426      |
| Revaluation reserve                           | 19.d)             | 7,873      | 7,825      | 7,873      | 7,825      |
| Profit reserves                               | 19.e)             | 1,268,850  | 1,268,850  | 1,268,850  | 1,268,850  |
| Treasury shares                               | 19.b)             | (123,720 ) | (123,720 ) | (135,116 ) | (135,760 ) |
| Valuation adjustment                          | 3.c) and<br>19.g) | (3,850 )   | (2,044 )   | (3,850 )   | (2,044 )   |
| Cumulative translation<br>adjustments         | 3.o) and<br>19.h) | (19,708 )  | (19,047 )  | (19,708 )  | (19,047 )  |
| Retained earnings                             |                   | 252,185    | 60,749     | 230,462    | 40,214     |
|   | 19.f)             | 5,082,885  | 4,893,868  | 5,046,860  | 4,858,237  |
| Total liabilities and<br>shareholders' equity |                   | 6,336,048  | 6,116,261  | 12,350,333 | 11,179,139 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Income statements

For the quarters ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note            | Parent     |            | Consolidated |              |
|--|-----------------|------------|------------|--------------|--------------|
|  |                 | 06/30/2010 | 06/30/2009 | 06/30/2010   | 06/30/2009   |
| Gross revenue from sales and services                        | 3.a)            | -          | -          | 10,796,449   | 10,108,414   |
| Deduction  |                 | -          | -          | (413,863 )   | (488,723 )   |
| Net revenue from sales and services                          |                 | -          | -          | 10,382,586   | 9,619,691    |
| Cost of products and services sold                           | 3.a)            | -          | -          | (9,573,670 ) | (8,931,988 ) |
| Gross income   |                 | -          | -          | 808,916      | 687,703      |
| Operating revenues (expenses)                                |                 |            |            |              |              |
| Selling and marketing  |                 | -          | -          | (287,563 )   | (280,693 )   |
| General and administrative                                   |                 | (1,763 )   | (499 )     | (187,031 )   | (198,357 )   |
| Other net operating income                                   |                 | 1,783      | 1,598      | 2,014        | 1,271        |
| Income on disposal of assets                                 | 20              | -          | -          | (2,168 )     | 6,776        |
| Operating income before financial income and equity          |                 | 20         | 1,099      | 334,168      | 216,700      |
| Net financial income   | 22              | 2,495      | (20,150 )  | (65,758 )    | (90,689 )    |
| Equity in income of subsidiaries and affiliates              | 12.a) and 12.b) | 188,653    | 106,696    | (163 )       | 139          |
| Operating income before social contribution and income taxes |                 | 191,168    | 87,645     | 268,247      | 126,150      |
| Social contribution and income taxes                         |                 |            |            |              |              |
| Current  | 10.b)           | (272 )     | -          | (48,741 )    | (49,435 )    |
| Deferred charges   | 10.b)           | (571 )     | (323 )     | (36,386 )    | 9,117        |
| Tax incentives   | 10.b) and 10.c) | -          | -          | 8,488        | 2,843        |
|  |                 | (843 )     | (323 )     | (76,639 )    | (37,475 )    |
| Income before non-controlling interests                      |                 | 190,325    | 87,322     | 191,608      | 88,675       |
| Non-controlling interests                                    |                 | -          | -          | (1,283 )     | (1,353 )     |
| Net income for the period                                    |                 | 190,325    | 87,322     | 190,325      | 87,322       |

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



## Ultrapar Participações S.A. and Subsidiaries

## Income statements

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note            | Parent     |            | Consolidated |              |
|--|-----------------|------------|------------|--------------|--------------|
|  |                 | 06/30/2010 | 06/30/2009 | 06/30/2010   | 06/30/2009   |
| Gross revenue from sales and services                        | 3.a)            | -          | -          | 21,128,774   | 16,833,572   |
| Deduction  |                 | -          | -          | (812,796 )   | (804,488 )   |
| Net revenue from sales and services                          |                 | -          | -          | 20,315,978   | 16,029,084   |
| Cost of products and services sold                           | 3.a)            | -          | -          | (18,812,184) | (14,840,649) |
| Gross income   |                 | -          | -          | 1,503,794    | 1,188,435    |
| Operating revenues (expenses)                                |                 |            |            |              |              |
| Selling and marketing  |                 | -          | -          | (567,062 )   | (459,639 )   |
| General and administrative                                   |                 | (3,442 )   | (1,700 )   | (363,473 )   | (347,461 )   |
| Other net operating income                                   |                 | 4,248      | 1,597      | 9,112        | 6,549        |
| Income on disposal of assets                                 | 20              | -          | -          | (1,774 )     | 9,538        |
| Operating income before financial income and equity          |                 | 806        | (103 )     | 580,597      | 397,422      |
| Net financial income   | 22              | 186        | (44,895 )  | (139,008 )   | (148,500 )   |
| Equity in income of subsidiaries and affiliates              | 12.a) and 12.b) | 314,896    | 223,797    | (138 )       | 39           |
| Operating income before social contribution and income taxes |                 | 315,888    | 178,799    | 441,451      | 248,961      |
| Social contribution and income taxes                         |                 |            |            |              |              |
| Current  | 10.b)           | (276 )     | -          | (79,656 )    | (78,215 )    |
| Deferred charges   | 10.b)           | (52 )      | 339        | (63,752 )    | 1,323        |
| Tax incentives   | 10.b) and 10.c) | -          | -          | 15,607       | 9,777        |
|  |                 | (328 )     | 339        | (127,801 )   | (67,115 )    |
| Income before non-controlling interests                      |                 | 315,560    | 179,138    | 313,650      | 181,846      |
| Non-controlling interests                                    |                 | -          | -          | 1,910        | (2,708 )     |
| Net income for the period                                    |                 | 315,560    | 179,138    | 315,560      | 179,138      |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the parent company

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustment | Cumulative translation adjustment | Retained earnings | Total     |
|--|-------|---------------|-----------------|-------------------------------------|----------------|----------------------|-----------------------------------|-------------------|-----------|
| Balance at December 31, 2009   |       | 3,696,773     | 4,482           | 8,156                               | 1,145,130      | (4,075)              | (5,302 )                          | 6,568             | 4,851,732 |
| Realization of revaluation reserve   | 19.d) | -             | -               | (283 )                              | -              | -                    | -                                 | 283               | -         |
| Dividends  |       | -             | -               | -                                   | -              | -                    | -                                 | (56,857 )         | (56,857 ) |
| Changes on non-controlling interest by subsidiaries  |       | -             | -               | -                                   | -              | -                    | -                                 | (13,295 )         | (13,295 ) |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                    | -                                 | (74 )             | (74 )     |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | 225                  | -                                 | -                 | 225       |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                    | (14,406)                          | -                 | (14,406 ) |
| Net income for the period  |       | -             | -               | -                                   | -              | -                    | -                                 | 315,560           | 315,560   |
| Balance at June 30, 2010   |       | 3,696,773     | 4,482           | 7,873                               | 1,145,130      | (3,850)              | (19,708)                          | 252,185           | 5,082,885 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the consolidated

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustment | Cumulative translation adjustment | Retained earnings | Total     |
|--|-------|---------------|-----------------|-------------------------------------|----------------|----------------------|-----------------------------------|-------------------|-----------|
| Balance at December 31, 2009   |       | 3,696,773     | 1,275           | 8,156                               | 1,132,447      | (4,075)              | (5,302)                           | 6,568             | 4,835,842 |
| Realization of revaluation reserve   | 19.d) | -             | -               | (283)                               | -              | -                    | -                                 | 283               | -         |
| Dividends  |       | -             | -               | -                                   | -              | -                    | -                                 | (56,857)          | (56,857)  |
| Changes on non-controlling interest by subsidiaries  |       | -             | -               | -                                   | -              | -                    | -                                 | (13,295)          | (13,295)  |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                    | -                                 | (74)              | (74)      |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | 225                  | -                                 | -                 | 225       |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                    | (14,406)                          | -                 | (14,406)  |
| Treasury shares  |       | -             | 301             | -                                   | 1,287          | -                    | -                                 | -                 | 1,588     |
| Net income for the period  |       | -             | -               | -                                   | -              | -                    | -                                 | 315,560           | 315,560   |
| Balance at June 30, 2010   |       | 3,696,773     | 1,576           | 7,873                               | 1,133,734      | (3,850)              | (19,708)                          | 252,185           | 5,068,583 |

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



## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the parent company

For the quarters ended June 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total     |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|-----------|
| Balance at March 31, 2010  |       | 3,696,773     | 4,482           | 7,825                               | 1,145,130      | (2,044)               | (19,047)                           | 60,749            | 4,893,868 |
| Realization of revaluation reserve   | 19.d) | -             | -               | 48                                  | -              | -                     | -                                  | (48)              | -         |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                     | -                                  | (28)              | (28)      |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | (1,806)               | -                                  | -                 | (1,806)   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                     | (661)                              | -                 | (661)     |
| Changes on non-controlling interest by subsidiaries  |       | -             | -               | -                                   | -              | -                     | -                                  | 1,187             | 1,187     |
| Net income for the period  |       | -             | -               | -                                   | -              | -                     | -                                  | 190,325           | 190,325   |
| Balance at June 30, 2010   |       | 3,696,773     | 4,482           | 7,873                               | 1,145,130      | (3,850)               | (19,708)                           | 252,185           | 5,082,885 |

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



## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the consolidated

For the quarters ended June 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total     |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|-----------|
| Balance at March 31, 2010  |       | 3,696,773     | 1,426           | 7,825                               | 1,133,090      | (2,044)               | (19,047)                           | 60,749            | 4,878,772 |
| Realization of revaluation reserve   | 19.d) | -             | -               | 48                                  | -              | -                     | -                                  | (48)              | -         |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                     | -                                  | (28)              | (28)      |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | (1,806)               | -                                  | -                 | (1,806)   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                     | (661)                              | -                 | (661)     |
| Treasury shares  |       | -             | 150             | -                                   | 644            | -                     | -                                  | -                 | 794       |
| Changes on non-controlling interest by subsidiaries  |       | -             | -               | -                                   | -              | -                     | -                                  | 1,187             | 1,187     |
| Net income for the period  |       | -             | -               | -                                   | -              | -                     | -                                  | 190,325           | 190,325   |
| Balance at June 30, 2010   |       | 3,696,773     | 1,576           | 7,873                               | 1,133,734      | (3,850)               | (19,708)                           | 252,185           | 5,068,583 |

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

For the quarters ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note  | Parent     |            | Consolidated |            |
|--|-------|------------|------------|--------------|------------|
|  |       | 06/30/2010 | 06/30/2009 | 06/30/2010   | 06/30/2009 |
| Cash flows from operating activities                                       |       |            |            |              |            |
| Net income for the period  |       | 190,325    | 87,322     | 190,325      | 87,322     |
| Adjustments to concile net income to cash provided by operating activities |       |            |            |              |            |
| Equity in income of subsidiaries and affiliates                            | 12    | (188,653 ) | (106,696 ) | 163          | (139 )     |
| Depreciation and amortization  |       | -          | -          | 130,684      | 134,523    |
| PIS and COFINS credits on depreciation                                     |       | -          | -          | 2,555        | 2,544      |
| Expense with tanks removed   |       | -          | -          | (1,749 )     | (745 )     |
| Interest, monetary and exchange rate changes                               |       | 10,478     | 18,719     | 103,853      | (64,429 )  |
| Deferred income and social contribution taxes                              | 10.b) | 571        | 323        | 36,386       | (9,117 )   |
| Non-controlling interest in income   |       | -          | -          | 1,283        | 1,353      |
| Income on sale of property, plant and equipment                            |       | -          | -          | 2,168        | (6,776 )   |
| Others   |       | -          | -          | (1,338 )     | 724        |
| Dividends received from subsidiaries                                       |       | 168,998    | 218,681    | -            | -          |
| (Increase) decrease in current assets                                      |       |            |            |              |            |
| Trade accounts receivable  | 6     | -          | -          | (41,961 )    | 113,538    |
| Inventories  | 7     | -          | -          | 28,288       | 183,256    |
| Recoverable taxes  | 8     | 5,654      | (5,328 )   | (16 )        | 18,099     |
| Other receivables  |       | 1,560      | (632 )     | 12,581       | (10,224 )  |
| Prepaid expenses   | 11    | -          | -          | 9,552        | 5,790      |
| Increase (decrease) in current liabilities                                 |       |            |            |              |            |
| Trade payables   |       | 68         | 83         | 19,811       | (94,293 )  |
| Wages and employee benefits  |       | 10         | 43         | 34,112       | (221 )     |
| Taxes payable  |       | (23 )      | 19         | (9,037 )     | 21,741     |
| Income and social contribution taxes                                       |       | -          | -          | 2,017        | 6,088      |
| Other payables   |       | (434 )     | (1 )       | (1,509 )     | (40,829 )  |
| (Increase) decrease in long-term assets                                    |       |            |            |              |            |
| Trade accounts receivable  | 6     | -          | -          | 7,016        | (17,971 )  |
| Recoverable taxes  | 8     | (12,415 )  | (4,515 )   | (12,824 )    | 15,237     |
| Amounts in escrow  |       | -          | (33 )      | (8,962 )     | (9,800 )   |
| Other receivables  |       | -          | -          | 226          | 481        |
| Prepaid expenses   | 11    | -          | -          | 5,316        | 1,809      |
| Increase (decrease) in long-term liabilities                               |       |            |            |              |            |

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|   |         |         |           |          |
|---|---------|---------|-----------|----------|
| Provision for contingencies               | 44      | 165     | (19,324 ) | 44,700   |
| Other payables                            | -       | (92 )   | (1,616 )  | (3,868 ) |
| Net cash provided by operating activities | 176,183 | 208,058 | 488,000   | 378,793  |

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## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the quarters ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note | Parent     |             | Consolidated |             |
|--|------|------------|-------------|--------------|-------------|
|  |      | 06/30/2010 | 06/30/2009  | 06/30/2010   | 06/30/2009  |
| Cash flows from investing activities   |      |            |             |              |             |
| Financial investments, net of redemptions  |      | (36,761 )  | -           | (161,888 )   | 340,654     |
| Disposal (acquisition) of investments, net   | 12   | -          | 62,861      | -            | -           |
| Cash of acquired subsidiaries  |      | -          | -           | -            | 29,442      |
| Capital contributions to subsidiaries  | 12   | (200,000 ) | -           | -            | -           |
| Capital reduction of subsidiaries  |      | 450,000    | -           | -            | -           |
| Acquisition of property, plan and equipment  | 13   | -          | -           | (154,692 )   | (109,113 )  |
| Acquisition of intangible assets   | 14   | -          | -           | (71,496 )    | (47,630 )   |
| Proceed on sale of property, plant and equipment                                     |      | -          | -           | 3,214        | 12,430      |
| Net cash provided by (used in) investing activities                                  |      | 213,239    | 62,861      | (384,862 )   | 225,783     |
| Cash flows from financing activities   |      |            |             |              |             |
| Financing and debentures   |      |            |             |              |             |
| Fund raising   | 16   | -          | 1,174,524   | 1,088,970    | 1,315,629   |
| Amortization   | 16   | -          | (1,256,974) | (241,359 )   | (1,435,274) |
| Payment of financial lease   | 16   | -          | -           | (3,104 )     | (3,582 )    |
| Dividends paid   |      | (46 )      | (118,462 )  | (175 )       | (122,339 )  |
| Acquisition of non-controlling interests   |      | -          | -           | (28 )        | -           |
| Related entities   | 9.a) | -          | 51,220      | (847 )       | 450         |
| Net cash provided by (used in) financing activities                                  |      | (46 )      | (149,692 )  | 843,457      | (245,116 )  |
| Effect of changes in exchange rates on cash and cash equivalents in foreign currency |      |            |             |              |             |
|  |      | -          | -           | (289 )       | (8,364 )    |
| Increase (decrease) in cash and cash equivalents                                     |      | 389,376    | 121,227     | 946,306      | 351,096     |
| Cash and cash equivalents at the beginning of period                                 | 5    | 32,307     | 41,967      | 1,500,396    | 838,682     |
| Cash and cash equivalents at the end of period                                       | 5    | 421,683    | 163,194     | 2,446,702    | 1,189,778   |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Reais)

|   | Note  | Parent     |            | Consolidated |            |
|---|-------|------------|------------|--------------|------------|
|   |       | 06/30/2010 | 06/30/2009 | 06/30/2010   | 06/30/2009 |
| Cash flows from operating activities                  |       |            |            |              |            |
| Net income for the period                             |       | 315,560    | 179,138    | 315,560      | 179,138    |
| Adjustments to concile net income to cash provided by |       |            |            |              |            |
| operating activities                                  |       |            |            |              |            |
| Equity in income of subsidiaries and affiliates       | 12    | (314,896 ) | (223,797 ) | 138          | (39 )      |
| Depreciation and amortization                         |       | -          | -          | 263,792      | 241,555    |
| PIS and COFINS credits on depreciation                |       | -          | -          | 4,669        | 5,138      |
| Expense with tanks removed                            |       | -          | -          | (2,810 )     | (1,470 )   |
| Interest, monetary and exchange rate changes          |       | 18,329     | 64,265     | 197,500      | 22,568     |
| Deferred income and social contribution taxes         | 10.b) | 52         | (339 )     | 63,752       | (1,323 )   |
| Non-controlling interest in income                    |       | -          | -          | (1,910 )     | 2,708      |
| Income on sale of property, plant and equipment       |       | -          | -          | 1,774        | (9,538 )   |
| Others  |       | -          | -          | (727 )       | 373        |
| Dividends received from subsidiaries                  |       | 287,988    | 222,281    | -            | -          |
| (Increase) decrease in current assets                 |       |            |            |              |            |
| Trade accounts receivable                             | 6     | -          | -          | (12,665 )    | 85,207     |
| Inventories   | 7     | -          | -          | (41,820 )    | 346,015    |
| Recoverable taxes                                     | 8     | 6,555      | (15,289 )  | 9,655        | 34,915     |
| Other receivables                                     |       | (815 )     | 200        | 17,118       | 70,820     |
| Prepaid expenses                                      | 11    | -          | -          | (15,164 )    | (19,925 )  |
| Increase (decrease) in current liabilities            |       |            |            |              |            |
| Trade payables  |       | (9,810 )   | (144 )     | (204,473 )   | (197,604 ) |
| Wages and employee benefits                           |       | 10         | 47         | (9,299 )     | (37,578 )  |
| Taxes payable   |       | (1,392 )   | (84 )      | 27,493       | 27,515     |
| Income and social contribution taxes                  |       | 5          | -          | 21,267       | (4,044 )   |
| Other payables  |       | (632 )     | (38 )      | (19,990 )    | (41,647 )  |
| (Increase) decrease in long-term assets               |       |            |            |              |            |
| Trade accounts receivable                             | 6     | -          | -          | 17,423       | (8,340 )   |
| Recoverable taxes                                     | 8     | (16,840 )  | (4,515 )   | (24,950 )    | 11,132     |
| Amounts in escrow                                     |       | (15 )      | (57 )      | (24,233 )    | (16,786 )  |
| Other receivables                                     |       | -          | -          | 534          | 519        |
| Prepaid expenses                                      | 11    | -          | -          | 5,655        | 2,515      |

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|  |         |         |           |          |
|--|---------|---------|-----------|----------|
| Increase (decrease) in long-term liabilities |         |         |           |          |
| Provision for contingencies                  | 85      | 165     | (32,351 ) | 52,413   |
| Other payables                               | -       | -       | 10,555    | (3,484 ) |
| Net cash provided by operating activities    | 284,184 | 221,833 | 566,493   | 740,753  |

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## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the six-month periods ended June 30, 2010 and 2009

(In thousands of Reais)

|  | Note | Parent     |             | Consolidated |             |
|--|------|------------|-------------|--------------|-------------|
|  |      | 06/30/2010 | 06/30/2009  | 06/30/2010   | 06/30/2009  |
| Cash flows from investing activities   |      |            |             |              |             |
| Financial investments, net of redemptions  |      | (56,761 )  | (750,000 )  | (133,145 )   | 450,663     |
| Disposal (acquisition) of investments, net   | 12   | -          | 62,861      | -            | (1,189,646) |
| Cash of acquired subsidiaries  |      | -          | -           | -            | 29,442      |
| Capital contributions to subsidiaries  | 12   | (200,000 ) | (4,980 )    | -            | -           |
| Capital reduction of subsidiaries  |      | 450,000    | -           | -            | -           |
| Acquisition of property, plant and equipment   | 13   | -          | -           | (328,608 )   | (213,123 )  |
| Acquisition of intangible assets   | 14   | -          | -           | (110,226 )   | (65,672 )   |
| Proceed on sale of property, plant and equipment                                     |      | -          | -           | 7,673        | 21,179      |
| Net cash provided by (used in) investing activities                                  |      | 193,239    | (692,119 )  | (564,306 )   | (967,157 )  |
| Cash flows from financing activities   |      |            |             |              |             |
| Financing and debentures   |      |            |             |              |             |
| Fund raising   | 16   | -          | 1,174,524   | 2,137,077    | 1,862,762   |
| Amortization   | 16   | -          | (1,266,376) | (1,393,503)  | (1,588,742) |
| Payment of financial lease   | 16   | -          | -           | (6,401 )     | (6,822 )    |
| Dividends paid   |      | (158,782 ) | (118,494 )  | (163,254 )   | (122,475 )  |
| Acquisition of non-controlling interest  |      | -          | -           | (28 )        | -           |
| Reduction of non-controlling interest  |      | -          | -           | (11,369 )    | -           |
| Related entities   | 9.a) | 44,116     | 64,835      | (2,617 )     | (248 )      |
| Net cash provided by (used in) financing activities                                  |      | (114,666 ) | (145,511 )  | 559,905      | 144,475     |
| Effect of changes in exchange rates on cash and cash equivalents in foreign currency |      |            |             |              |             |
|  |      | -          | -           | (2,889 )     | (3,346 )    |
| Increase (decrease) in cash and cash equivalents                                     |      | 362,757    | (615,797 )  | 559,203      | (85,275 )   |
| Cash and cash equivalents at the beginning of period                                 | 5    | 58,926     | 778,991     | 1,887,499    | 1,275,053   |



|  |   |         |         |           |           |
|--|---|---------|---------|-----------|-----------|
| Cash and cash equivalents at the end of period | 5 | 421,683 | 163,194 | 2,446,702 | 1,189,778 |
|--|---|---------|---------|-----------|-----------|

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

1 Operations

Ultrapar Participações S.A. (“Company”), with headquarters in the City of São Paulo, engages in the investment of its own capital in commercial and industrial activities 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 logistics services for liquid bulk cargo (“Ultracargo”). The Company also operates a petroleum refining business through its investment in Refinaria de Petróleo Riograndense S.A. (“RPR”).

2 First-time adoption of the new pronouncements issued by the Accounting Pronouncements Committee (“CPC”)

Pursuant to the requirements of the article 2, paragraph II, of CVM Resolution 603/09, the Company is restating the interim financial information for the 2nd quarter of 2010 in accordance with the pronouncements issued in 2009 and 2010.

In order to bring about convergence of the Brazilian accounting rules and the International Financial Reporting Standards (“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 2010 (“New BR GAAP”).

2.1 Transition basis for the adoption of the new CPC pronouncements

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 its opening balance sheet in accordance with the pronouncements of the New BR GAAP. The interim financial statements as of June 30, 2010, as well as 2009 information included therein, are being restated according to the New BR GAAP, as described in Note 3.

The Company’s individual and consolidated financial statements for the year ended December 31, 2010 will be the first annual financial statements under the New BR GAAP.

On the transition date, the Company applied CPC 43 (First-Time Adoption of CPC Technical Pronouncements 15 to 40), which establishes the steps to be followed for the adoption of the new pronouncements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

With the purpose of making 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 application of CPC 37 (First-Time Adoption of International Accounting Standards) – equivalent to IFRS 1 (First-Time Adoption of IFRS) – which provides exceptions to and optional exemptions from the retrospective application of the accounting standards.

The Company has applied certain optional exemptions with regard to the full retrospective application of the standards, as summarized below:

a. Exemption related to business combination 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. The main business combinations performed by the Company before the transition date were the acquisitions of Ipiranga in 2007 and União Terminais in 2008.

As permitted by CPC 37, 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 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

For New BR GAAP purposes, the Company and its subsidiaries identified the need to include in property, plant and equipment the estimated cost to remove, for decommissioning or restoration purposes, 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 the tanks existing on January 1, 2009 based on the costs at the acquisition time of the respective tanks for recognition in property, plant and equipment. The amount added to 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 related to the capitalization of borrowing costs

Regarding borrowing costs incurred before January 1, 2009 and capitalized according to the prior accounting standards, the Company and its subsidiaries opted for the exemption that allows such costs to be written off in the opening balance sheet against retained earnings, instead of recalculating them on a retroactive basis according to the new rules applicable to the capitalization of borrowing costs.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## d. Exemption related to deemed cost

When recording the initial balance of property, plant and equipment upon the first-time adoption of CPC 27 (Property, Plant and Equipment) and ICPC 10 (Interpretation of the First-Time Adoption of Pronouncements CPCs 27, 28, 37 and 43 to Property, Plant and Equipment and Investment Property), the Company and its subsidiaries chose not to revise the historical costs of items of property, plant and equipment and not to use the deemed cost, as set forth in paragraphs 20 to 29 of ICPC 10.

## 2.2 Conciliation between previous GAAP and New BR GAAP

|  | June 30,<br>2010 | June 30,<br>2009 |
|--|------------------|------------------|
| Shareholders' equity   |                  |                  |
| Shareholders' equity under previous GAAP                                 | 5,153,138        | 4,829,816        |
| Adoption of New BR GAAP effects:   |                  |                  |
| a) Recognition of provision for assets retirement obligation             | (37,940 )        | (37.431 )        |
| b) Measurement of property, plant and equipment:                         |                  |                  |
| b.1) Borrowing costs capitalization                                      | (25,689 )        | (28.228 )        |
| b.2) Recognition of inflation 1996/1997                                  | 14,127           | 16.098           |
| c) Write-off of investments in progress                                  | (21,513 )        | (21.223 )        |
| d) Recognition of provision for contingencies                            | (8,244 )         | (7.539 )         |
| e) Business Combination –Texaco acquisition                              | (63,991 )        | (41.138 )        |
| f) Loyalty program   | (10,915 )        | -                |
| g) Other effects, net  | 3,445            | 1.963            |
| h) Deferred income and social contribution taxes                         | 44,442           | 60.622           |
| Total  | (106,278 )       | (56.876 )        |
| Shareholders' equity, excluding non-controlling interest in subsidiaries | 5,046,860        | 4.772.940        |
| i) Non-controlling interest in subsidiaries in the shareholders' equity  | 21,723           | 38.088           |
| Shareholders' equity under New BR GAAP                                   | 5,068,583        | 4,811,028        |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | Semester<br>ended June<br>30,<br>2010 | Semester<br>ended June<br>30,<br>2009 |
|--|---------------------------------------|---------------------------------------|
| Net income   |                                       |                                       |
| Net income under previous GAAP                                 | 336,531                               | 184,481                               |
| Adoption of New BR GAAP effects:                               |                                       |                                       |
| a) Recognition of provision for assets retirement obligation   | 67                                    | (658 )                                |
| b) Measurement of property, plant and equipment:               |                                       |                                       |
| b.1) Borrowing costs capitalization                            | 1,730                                 | 1,844                                 |
| b.2) Recognition of inflation 1996/1997                        | (490 )                                | (1,376 )                              |
| c) Write-off of investments in progress                        | (121 )                                | (223 )                                |
| d) Recognition of provision for contingencies                  | (339 )                                | (349 )                                |
| e) Business Combination –Texaco acquisition                    | (14,181 )                             | (10,337 )                             |
| f) Loyalty program   | (989 )                                | -                                     |
| g) Other effects, net  | 1,966                                 | 3,003                                 |
| h) Deferred income and social contribution taxes               | (8,614 )                              | 2,753                                 |
| Total  | (20,971 )                             | (5,343 )                              |
| Net income, excluding non-controlling interest in subsidiaries | 315,560                               | 179,138                               |
| i) Non-controlling interest in subsidiaries in the net income  | (1,910 )                              | 2,708                                 |
| Net income under New BR GAAP                                   | 313,650                               | 181,846                               |

The notes below describe the main effects resulting from the adoption of the New BR GAAP:

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 New BR GAAP purposes, a provision must be recognized 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 interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Measurement of property, plant and equipment

b.1) Under 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 CPC 20 (Borrowing Costs). Borrowing costs capitalized in accordance with the prior accounting practices were written off in the opening balance sheet (see Note 2.1.c).

b.2) 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

For the prior accounting practices purposes, the Company capitalized the following items:

- Sundry expenses incurred for Texaco acquisition, which were integrated into goodwill; and
- Expenses on the Comperj project, which is related to the future development of a joint business with other companies for the construction of a petrochemical complex.

For New BR GAAP purposes, the expenses described above do not meet the conditions for capitalization and must be recognized in income when incurred.

d. Recognition of provisions for contingencies

For New BR GAAP purposes, a provision for contingencies is recognized when the probability that an obligation exists exceeds 50%, while, under the prior accounting practices, a provision was recognized when the likelihood of loss was deemed probable.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## e. 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 for an amount of R\$ 1,355,509. This acquisition allowed an expansion of the Company's fuel and lubricant distribution business to the Central-West, Northeast and North Regions of Brazil and an increase in its operating scale, which resulted in benefits for the Company and its resellers, customers, consumers and community.

For the prior accounting practices purposes, 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 New BR GAAP 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 entity 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 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim 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,<br>net of deferred taxes effects  | 264,327    |
| Goodwill difference between New BR GAAP and prior<br>accounting practices   | (86,568 )  |
| Goodwill recorded under New BR GAAP   | 177,759    |
| Difference between the market value and the carrying value of<br>the assets (treated similarly between prior accounting practices<br>and New BR GAAP) | 344,418    |

## f. 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 New BR GAAP 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.

## g. Other effects, net

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

## 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) above.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

i. Presentation of non-controlling interests in subsidiaries

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

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

Furthermore, for consistency with the New BR GAAP and for a better presentation of the financial statements, certain reclassifications between accounts were made in the balance sheet, in the statement of income and in the statement of cash flows, which had been previously published.

3 Representation of interim financial statements and summary of main accounting practices

The interim financial statements were prepared according to the New BR GAAP, which includes the Brazilian Corporate Law, the standards, guidelines and interpretations issued by the Brazilian Accounting Standards Committee and the rules issued by the CVM, including the CPC's issued in 2009 and 2010, which are applicable in 2010 (see Note 2).

The Company's financial statements prepared under the New BR GAAP have only one difference from the IFRS, as expressly permitted by CPC 43, relating to the deferred charges accounted for by the Company, which, on the date of adoption of IFRS, were written off in the opening balance sheet, and the respective amortization was reversed in the subsequent periods (see Note 3.i).

The following is a summary of significant accounting practices followed in the preparation of the financial statements:

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

a. Recognition of income

Income is recognized on the accrual basis. Revenues from sales and costs are recognized as income when all risks and benefits associated with the products are transferred to the purchaser. Revenues from services provided and their costs are recognized as income when the services are performed. 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 5 for further detail on cash equivalents of the Company and its subsidiaries.

c. Financial instruments

In accordance with Resolution CVM 604/09, 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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. Gains and losses recorded in the shareholders' equity are included in income, in case of financial instruments prepayment.

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 5, 16, and 23.

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 or market 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 3.r).

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 12).

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



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 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).

Depreciations are calculated using the straight-line method, for the periods mentioned in Note 13, taking into account the economic life of the assets, as periodically revised in accordance with ICPC 10 and applied on January 1, 2010. The methodology applied by the independent valuer 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 assets. The following groups were subject to revision:

|  | Weighted average term of depreciation (years) - previous | Weighted average term of depreciation (years) - revised |
|--|--|---|
| Buildings  | 25   | 25  |
| Leasehold improvements                                     | 14   | 11  |
| Machinery and equipment                                    | 10   | 11  |
| Light fuel/lubricant distribution equipment and facilities | 10   | 14  |
| LPG tanks and bottles                                      | 10   | 13  |
| Vehicles   | 5  | 9   |
| IT equipment   | 5  | 5   |

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

## 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 13. 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 16.g).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- 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 24.d).

- h. Intangible assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the following criteria (see Note 14):

- Goodwill is carried at the original value net of income and social contribution taxes less 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 CPC 15, 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 do not have intangible assets that were created internally or that have an indefinite useful life.

- i. Deferred charges

Deferred charges include restructuring costs incurred up to December 31, 2008, that will produce benefits in future years (see Note 15). As permitted by the CPC 43, the Company and its subsidiaries decided to maintain the balances existing as of December 31, 2008 until they are fully amortized and, therefore, the financial statements under New BR GAAP contain this temporary difference in relation to IFRS.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

j. 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 interim 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.

k. 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 10.b).

l. 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 the tanks are installed. The amount is recorded in assets 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.

m. 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 managers and internal and external legal counsel, and the values are recorded based on evaluation of the outcomes of the legal proceedings (see Note 24.a).

n. 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 25.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

o. Basis for translating interim 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 interim 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 the shareholders' equity as cumulative translation adjustments as of June 30, 2010 was R\$ 19,708 of exchange rate loss (R\$ 19,047 loss as of March 31, 2010).

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 gain recognized as income as of June 30, 2010 amounted to R\$ 860 (R\$ 6,993 loss as of June 30, 2009).

p. Use of estimates

The preparation of interim financial statements requires the Company's management to make estimates and assumptions that affect the values of assets and liabilities presented as of the date of the interim financial statements, as well as the values of revenues, costs and expenses for the periods presented. Although these estimates are based on the best information available to management about present and future events, the actual results may differ from these estimates.

q. Impairment of assets

The Company reviews, at least annually, the carrying value of assets for 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.

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 8). 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.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 4 Principles of consolidation and investments in affiliates

The consolidated interim financial statements were prepared following the basic principles of consolidation established by the Brazilian Corporate Law and CVM rules, including the following direct and indirect subsidiaries:

|   | Location       | % interest in the share capital<br>Jun. 30, 2010 |                  | % interest in the share capital<br>Mar. 31, 2010 |                  |
|---|----------------|--|------------------|--|------------------|
|   |                | Direct control                                   | Indirect control | Direct control                                   | Indirect control |
| Ultracargo - Operações Logísticas e Participações Ltda.     | Brazil         | 100  | -                | 100  | -                |
| Terminal Químico de Aratu S.A. – Tequimar                   | Brazil         | -  | 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               |
| Ultracargo Argentina S.A.                                   | Argentina      | -  | 100              | -  | 100              |
| Melamina Ultra S.A. Indústria Química                       | Brazil         | -  | 99               | -  | 99               |
| Oxiten S.A. Indústria e Comércio                            | Brazil         | 100  | -                | 100  | -                |
| Oxiten Nordeste S.A. Indústria e Comércio                   | Brazil         | -  | 99               | -  | 99               |
| Oxiten Argentina Sociedad de Responsabilidad Ltda.          | Argentina      | -  | 100              | -  | 100              |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil         | -  | 100              | -  | 100              |
| Barrington S.L.   | Spain          | -  | 100              | -  | 100              |
| Oxiten México S.A. de C.V.                                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten Servicios Corporativos S.A. de C.V.                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten Servicios Industriales S.A. de C.V.                  | Mexico         | -  | 100              | -  | 100              |
| Oxiten USA LLC  | United States  | -  | 100              | -  | 100              |
| Global Petroleum Products Trading Corp. (**)                | Virgin Islands | -  | 100              | -  | 100              |
| Oxiten Overseas Corp.                                       | Virgin Islands | -  | 100              | -  | 100              |
| Oxiten Andina, C.A.   | Venezuela      | -  | 100              | -  | 100              |

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|  |                |     |     |     |     |
|--|----------------|-----|-----|-----|-----|
| Oxiteno Europe SPRL                                | Belgium        | -   | 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 |
| Ipiranga Produtos de Petróleo S.A.                 | Brazil         | 100 | -   | 100 | -   |
| am/pm Comestíveis Ltda.                            | Brazil         | -   | 100 | -   | 100 |
| Centro de Conveniências Millennium Ltda.           | Brazil         | -   | 100 | -   | 100 |
| Conveniência Ipiranga Norte Ltda.                  | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Trading Limited                           | Virgin Islands | -   | 100 | -   | 100 |
| Tropical Transportes Ipiranga Ltda.                | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Imobiliária Ltda.                         | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Logística Ltda.                           | Brazil         | -   | 100 | -   | 100 |
| Maxfácil Participações S.A. (*)                    | Brazil         | -   | 50  | -   | 50  |
| Isa-Sul Administração e Participações Ltda.        | Brazil         | -   | 100 | -   | 100 |
| Companhia Ultragas S.A.                            | Brazil         | -   | 99  | -   | 99  |
| Bahiana Distribuidora de Gás Ltda.                 | Brazil         | -   | 100 | -   | 100 |
| Utingás Armazenadora S.A.                          | Brazil         | -   | 56  | -   | 56  |
| LPG International Inc.                             | Cayman Islands | -   | 100 | -   | 100 |
| Imaven Imóveis Ltda.                               | Brazil         | -   | 100 | -   | 100 |
| Sociedade Anônima de Óleo Galena-Signal            | Brazil         | -   | 100 | -   | 100 |
| Oil Trading Importadora e Exportadora Ltda.        | Brazil         | -   | 100 | -   | 100 |
| SERMA - Ass. dos usuários equip. proc. de dados    | Brazil         | -   | 100 | -   | 100 |
| Refinaria de Petróleo Riograndense S.A. (*)        | Brazil         | 33  | -   | 33  | -   |

(\*) Proportionate consolidation, as specified in Article 32 of Instruction CVM 247/96.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

In June 2010, in order to simplify the corporate structure and facilitate the sale of the in-house logistics, solid bulk storage and road transportation businesses (see Note 29) the subsidiary Terminal Químico de Aratu S.A. – Tequimar (“Tequimar”) became the parent company of Transultra - Armazenamento e Transporte Especializado Ltda. (“Transultra”).

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 by subsidiaries is indicated in the interim financial statements.

## 5 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     |                  |
|--|----------------|---------------|------------------|------------------|
|  | 06/30/2010     | 03/31/2010    | 06/30/2010       | 03/31/2010       |
| <b>Cash and banks</b>                  |                |               |                  |                  |
| In local currency                      | 243            | -             | 65,061           | 65,783           |
| In foreign currency                    | -              | -             | 20,286           | 15,086           |
| <b>Financial investments</b>           |                |               |                  |                  |
| In local currency                      |                |               |                  |                  |
| Fixed-income securities and funds      | 421,440        | 32,307        | 2,361,355        | 1,419,527        |
| <b>Total cash and cash equivalents</b> | <b>421,683</b> | <b>32,307</b> | <b>2,446,702</b> | <b>1,500,396</b> |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim 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 |            |
|--|------------|------------|--------------|------------|
|  | 06/30/2010 | 03/31/2010 | 06/30/2010   | 03/31/2010 |
| Financial investments  |            |            |              |            |
| In local currency  |            |            |              |            |
| Fixed-income securities and funds                              | 56,761     | 20,000     | 352,862      | 189,649    |
| In foreign currency  |            |            |              |            |
| Fixed-income securities and funds                              | -          | -          | 212,623      | 215,042    |
| Income from currency and interest rate hedging instruments (a) | -          | -          | 15,111       | 14,017     |
| Total of financial investments                                 | 56,761     | 20,000     | 580,596      | 418,708    |
| Current  | 56,761     | 20,000     | 571,368      | 411,515    |
| Non-current  | -          | -          | 9,228        | 7,193      |

(a) Accumulated gains, net of income tax (see Note 23).

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 |            |
|---|--------------|------------|
|   | 06/30/2010   | 03/31/2010 |
| Measured at fair value through income   | 2,376,466    | 1,433,544  |
| Held to maturity                        | 7,193        | 7,193      |
| Available for sale                      | 558,292      | 397,498    |
| Financial assets, except cash and banks | 2,941,951    | 1,838,235  |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 6 | Trade accounts receivable (Consolidated) | 06/30/2010 | 03/31/2010 |
|---|--|------------|------------|
|   | Domestic customers                       | 1,518,585  | 1,481,623  |
|   | Customer financing - Ipiranga            | 185,282    | 192,071    |
|   | Foreign customers                        | 114,018    | 107,507    |
|   | (-) Allowance for doubtful accounts      | (118,341 ) | (116,601 ) |
|   |  | 1,699,544  | 1,664,600  |
|   | Current                                  | 1,630,948  | 1,588,988  |
|   | Non-current                              | 68,596     | 75,612     |

Customer financing is provided for renovation and upgrading of service stations, purchase of products, and development of the fuel and lubricant distribution market.

Movements in the allowance for doubtful accounts are as follows:

|                              |          |
|------------------------------|----------|
| Balance as of March 31, 2010 | 116,601  |
| Additions                    | 4,273    |
| Write-offs                   | (2,533 ) |
| Balance as of June 30, 2010  | 118,341  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | Inventories (Consolidated) |                    |             |            |                    |             |
|---|----------------------------|--------------------|-------------|------------|--------------------|-------------|
|   | 06/30/2010                 |                    |             | 03/31/2010 |                    |             |
|   | Cost                       | Provision for loss | Net balance | Cost       | Provision for loss | Net balance |
| Finished goods                              | 218,918                    | (14,470 )          | 204,448     | 181,302    | (13,164 )          | 168,138     |
| Work in process                             | 2,746                      | -                  | 2,746       | 3,322      | -                  | 3,322       |
| Raw materials                               | 117,413                    | (45 )              | 117,368     | 127,478    | (74 )              | 127,404     |
| Liquefied petroleum gas (LPG)               | 25,423                     | -                  | 25,423      | 22,055     | -                  | 22,055      |
| Fuels, lubricants and greases               | 520,885                    | (672 )             | 520,213     | 557,590    | (837 )             | 556,753     |
| Consumable materials and bottles for resale | 37,594                     | (979 )             | 36,615      | 36,797     | (970 )             | 35,827      |
| Advances to suppliers                       | 68,123                     | -                  | 68,123      | 86,677     | -                  | 86,677      |
| Properties for resale                       | 49,588                     | -                  | 49,588      | 11,781     | -                  | 11,781      |
|   | 1,040,690                  | (16,166 )          | 1,024,524   | 1,027,002  | (15,045 )          | 1,011,957   |

Movements in the provision for loss are as follows:

|                              |        |
|------------------------------|--------|
| Balance as of March 31, 2010 | 15,045 |
| Additions                    | 1,121  |
| Balance as of June 30, 2010  | 16,166 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 8 Recoverable taxes

Are substantially represented by credit balances of Tax on Goods and Services (ICMS), Taxes for Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), and Income and Social Contribution Taxes (IRPJ and CSLL).

|  | Parent     |            | Consolidated |            |
|--|------------|------------|--------------|------------|
|  | 06/30/2010 | 03/31/2010 | 06/30/2010   | 03/31/2010 |
| IRPJ and CSLL  | 65,650     | 58,889     | 130,449      | 122,955    |
| ICMS   | -          | -          | 226,789      | 232,686    |
| Provision for ICMS losses (*)  | -          | -          | (62,859 )    | (70,024 )  |
| Adjustment to present value of ICMS on property, plant and equipment - CIAP (see Notes 3.r)    | -          | -          | (3,614 )     | (3,996 )   |
| PIS and COFINS   | 21         | 21         | 79,290       | 78,104     |
| Value-Added Tax (IVA) on the subsidiaries Oxiteno Mexico S.A. de C.V. and Oxiteno Andina, C.A. | -          | -          | 9,610        | 7,484      |
| IPI  | -          | -          | 3,435        | 2,741      |
| Others   | 20         | 20         | 5,747        | 5,676      |
| Total  | 65,691     | 58,930     | 388,847      | 375,626    |
| Current  | 31,690     | 37,344     | 310,506      | 310,490    |
| Non-current  | 34,001     | 21,586     | 78,341       | 65,136     |

(\*) The provision for ICMS losses relates to credit balances that the subsidiaries estimate to be unable to offset in the future.

Movements in the provision for ICMS losses are as follows:

|                              |          |
|------------------------------|----------|
| Balance as of March 31, 2010 | 70,024   |
| Additions                    | 525      |
| Write-offs                   | (7,690 ) |
| Balance as of June 30, 2010  | 62,859   |



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- 9 Related parties  
a. Related companies

|                                    | Debtures<br>Assets | Parent<br>Financial<br>income |
|------------------------------------|--------------------|-------------------------------|
| Ipiranga Produtos de Petróleo S.A. | 770,674            | 48,626                        |
| Total as of June 30, 2010          | 770,674            | 48,626                        |
| Total as of March 31, 2010         | 750,000            |                               |
| Total as of June 30, 2009          |                    | 26,929                        |

|  | Consolidated |             |                         |         |
|--|--------------|-------------|-------------------------|---------|
|  | Loans        |             | Commercial transactions |         |
|  | Assets       | Liabilities | Receivable              | Payable |
| Braskem S.A.                               | -            | -           | -                       | 8,402   |
| Copagaz Distribuidora de Gas Ltda.         | -            | -           | 147                     | -       |
| Liquigás Distribuidora S.A.                | -            | -           | 354                     | -       |
| Oxicap Indústria de Gases Ltda.            | 9,654        | -           | -                       | 1,174   |
| Petróleo Brasileiro S.A. – Petrobras       | -            | -           | -                       | 240,250 |
| Quattor Química S.A.                       | -            | -           | -                       | 7,776   |
| Química da Bahia Indústria e Comércio S.A. | -            | 3,195       | -                       | -       |
| Refinaria de Petróleo Riograndense S.A.(*) | -            | -           | -                       | 8,597   |
| SHV Gás Brasil Ltda.                       | -            | -           | 164                     | -       |
| Other                                      | 520          | 826         | 46                      | -       |
| Total as of June 30, 2010                  | 10,174       | 4,021       | 711                     | 266,199 |
| Total as of March 31, 2010                 | 9,376        | 4,071       | 829                     | 251,058 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | Consolidated Transactions |                   |
|---|---------------------------|-------------------|
|   | Sales                     | Purchases         |
| Braskem S.A.                                | 7,370                     | 330,434           |
| Copagaz Distribuidora de Gas Ltda.          | 1,933                     | -                 |
| Liquigás Distribuidora S.A.                 | 2,684                     | -                 |
| Oxicap Indústria de Gases Ltda.             | 3                         | 6,527             |
| Petróleo Brasileiro S.A. – Petrobras        | 60,497                    | 12,075,618        |
| Quattor Química S.A.                        | 9,626                     | 82,537            |
| Refinaria de Petróleo Riograndense S.A. (*) | -                         | 422,983           |
| Serygás Distribuidora de Gas S.A.           | 559                       | -                 |
| SHV Gás Brasil Ltda.                        | 1,094                     | -                 |
| <b>Total as of June 30, 2010</b>            | <b>83,766</b>             | <b>12,918,099</b> |
| <b>Total as of June 30, 2009</b>            | <b>51,332</b>             | <b>10,629,129</b> |

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

Purchase and sale transactions relate substantially to the purchase of raw materials, inputs, transportation and storage services based on arm’s length market prices and terms with customers and suppliers with comparable operational performance. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company’s management, transactions with related parties are not subject to settlement risk, which is why no allowance for doubtful accounts or collaterals are provided. Collaterals provided by the Company in borrowings and financing of subsidiaries and affiliates are mentioned in Note 16.i.) The transactions of the Company and its subsidiaries related to post-employment benefits are described in Note 25.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Key management personnel - Compensation (Consolidated)

As of June 30, 2010, the Company and its subsidiaries recorded expenses for compensation of its key personnel (Company's directors and designated officers) in the amount of R\$ 14,986 (R\$ 11,049 as of June 30, 2009). Out of this total, R\$ 13,215 relates to short-term compensation (R\$ 10,075 as of June 30, 2009), R\$ 1,178 to compensation in stock (R\$ 686 as of June 30, 2009) and R\$ 593 (R\$ 288 as of June 30, 2009) to post-employment benefits.

## c. Stock compensation plan

At a Special General Meeting held on November 26, 2003, a benefit plan was approved for managers of the Company and its subsidiaries, which provides: (i) initial award of beneficial ownership of shares issued by the Company held in treasury by the subsidiaries at which the beneficiary managers are employed; and (ii) transfer of title to the shares within five to ten years after the initial award, subject to continuation of employment of the beneficiary manager with the Company and its subsidiaries. The total amount awarded to executives as of June 30, 2010, including tax charges, was R\$ 29,562 (R\$ 29,562 as of March 31, 2010). Such amount is being amortized over a period of five to ten years after the award, and amortization for the period ended in June 30, 2010 in the amount of R\$ 2,190 (R\$ 1,018 as of June 30, 2009) was recorded as operating expense for the year. The values of the awards were determined on the date of award based on the market value of these shares on the BM&FBovespa.

The chart below summarizes the information on the shares awarded to executives of the Company:

| Date of award     | Restricted shares awarded | Market value of shares (in R\$) | Total compensation costs, including taxes | Accumulated compensation costs recorded | Accumulated compensation costs not recorded |
|-------------------|---------------------------|---------------------------------|---|---|---|
| December 15, 2009 | 62,500                    | 83.00                           | 7,155                                     | (709 )                                  | 6,446                                       |
| October 7, 2008   | 174,000                   | 39.97                           | 9,593                                     | (2,851 )                                | 6,742                                       |
| December 12, 2007 | 40,000                    | 64.70                           | 3,570                                     | (1,566 )                                | 2,004                                       |
| November 9, 2006  | 51,800                    | 46.50                           | 3,322                                     | (1,218 )                                | 2,104                                       |
| December 14, 2005 | 23,400                    | 32.83                           | 1,060                                     | (487 )                                  | 573   |
| October 4, 2004   | 41,975                    | 40.78                           | 2,361                                     | (1,358 )                                | 1,003                                       |
| December 17, 2003 | 59,800                    | 30.32                           | 2,501                                     | (1,647 )                                | 854   |
|                   | 453,475                   |                                 | 29,562                                    | (9,836 )                                | 19,726                                      |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 10 Income and social contribution taxes

## a. Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to limitation periods, resulting from tax losses, temporary additions, negative tax bases and revaluation of property, plant and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred income tax and social contribution are recorded under the following categories:

|   | Parent     |            | Consolidated   |                |
|---|------------|------------|----------------|----------------|
|   | 06/30/2010 | 03/31/2010 | 06/30/2010     | 03/31/2010     |
| Assets - Deferred income and social contribution taxes on:                    |            |            |                |                |
| Provision for loss of assets  | -          | -          | 25,012         | 23,972         |
| Provisions for contingencies  | 176        | 161        | 54,858         | 57,380         |
| Provision for post-employment benefit (see Note 25.b)                         | -          | -          | 29,165         | 29,165         |
| Provision for differences between cash and accrual basis                      | -          | -          | 11,888         | 15,374         |
| Provision for goodwill paid on investments (see Note 14)                      | -          | -          | 348,176        | 369,221        |
| Other provisions  | 4          | -          | 35,845         | 22,785         |
| Tax losses and negative basis for social contribution to offset               | -          | 589        | 95,332         | 103,232        |
| Transition Tax Regime effect – adoption of New BRGAAP effect (see Note 2.2.h) | -          | -          | 44,442         | 51,227         |
| <b>Total</b>  | <b>180</b> | <b>750</b> | <b>644,718</b> | <b>672,356</b> |
| Liabilities - Deferred income and social contribution taxes on:               |            |            |                |                |
| Revaluation of property, plant and equipment                                  | -          | -          | 392            | 400            |
| Accelerated depreciation  | -          | -          | 117            | 120            |
| Provision for adjustments between cash and accrual basis                      | -          | -          | 5,303          | 5,811          |
| Temporary differences of foreign subsidiaries                                 | -          | -          | 2,928          | 2,680          |
| Transition Tax Regime effect – adoption Law 11638/07                          | -          | -          | 19,179         | 10,187         |
| <b>Total</b>  | <b>-</b>   | <b>-</b>   | <b>27,919</b>  | <b>19,198</b>  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The estimated recovery of deferred tax assets relating to income and social contribution taxes is stated as follows:

|                    | Parent | Consolidated |
|--------------------|--------|--------------|
| Up to 1 year       | 4      | 232,194      |
| From 1 to 2 years  | -      | 101,411      |
| From 2 to 3 years  | 176    | 99,367       |
| From 3 to 5 years  | -      | 149,828      |
| From 5 to 7 years  | -      | 44,621       |
| From 7 to 10 years | -      | 17,297       |
|                    | 180    | 644,718      |

b. Conciliation of income and social contribution taxes on income

Income and social contribution taxes are reconciled to the official tax rates as follows:

|   | Parent     |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | 06/30/2010 | 06/30/2009 | 06/30/2010   | 06/30/2009 |
| Income (loss) before taxes and equity in income of affiliates       | 992        | (44,998 )  | 441,589      | 248,922    |
| Official tax rates - %  | 34         | 34         | 34           | 34         |
| Income and social contribution taxes at the official tax rates      | (338 )     | 15,299     | (150,141 )   | (84,633 )  |
| Adjustments to the actual rate:                                     |            |            |              |            |
| Operating provisions and nondeductible expenses/nontaxable revenues | (4 )       | -          | (2,108 )     | (1,802 )   |
| Adjustment to estimated income                                      | -          | -          | 10,220       | 5,510      |
| Interest on equity  | -          | (14,960 )  | -            | -          |
| Workers Meal Program (PAT)  | -          | -          | 188          | 232        |
| Other adjustments   | 14         | -          | (1,567 )     | 3,801      |
| Income and social contribution taxes before tax incentives          | (328 )     | 339        | (143,408 )   | (76,892 )  |
| Tax incentives - ADENE  | -          | -          | 15,607       | 9,777      |
| Income and social contribution taxes in the income statement        | (328 )     | 339        | (127,801 )   | (67,115 )  |
| Current   | (276 )     | -          | (79,656 )    | (78,215 )  |
| Deferred  | (52 )      | 339        | (63,752 )    | 1,323      |
| Tax incentives - ADENE  | -          | -          | 15,607       | 9,777      |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## c. Tax exemption

The following subsidiaries are entitled to partial or total exemption from IRPJ under the government's program for development of Northeastern Brazil:

| Subsidiary                                 | Units          | Incentive - % | Expiration |
|--|----------------|---------------|------------|
| Oxiteno Nordeste S.A. Indústria e Comércio | Camaçari plant | 75            | 2016       |
| Bahiana Distribuidora de Gás Ltda.         | Mataripe base  | 75            | 2013       |
|  | Suape base     | 75            | 2018       |
|  | Aracaju base   | 75            | 2017       |
|  | Caucaia base   | 75            | 2012       |
| Terminal Químico de Aratu S.A. – Tequimar  | Aratu terminal | 75            | 2012       |
|  | Suape terminal | 75            | 2015       |

## 11 Prepaid expenses (Consolidated)

|  | 06/30/2010 | 03/31/2010 |
|--|------------|------------|
| Rents  | 32,509     | 35,707     |
| Advertising and publicity                    | 11,808     | 17,712     |
| Insurance premiums                           | 8,678      | 10,455     |
| Purchases of meal and transportation tickets | 3,348      | 3,305      |
| Taxes and other prepaid expenses             | 12,529     | 15,835     |
|  | 68,872     | 83,014     |
| Current                                      | 37,996     | 47,548     |
| Non-current                                  | 30,876     | 35,466     |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

12

## Investments

## a. Subsidiaries (Parent company)

|   | Investments |            | Equity     |            |
|---|-------------|------------|------------|------------|
|   | 06/30/2010  | 03/31/2010 | 06/30/2010 | 06/30/2009 |
| Ipiranga Produtos de Petróleo                           | 2,307,075   | 2,785,156  | 243,660    | -          |
| Oxiten S.A. Indústria e Comércio                        | 1,772,197   | 1,543,283  | 29,149     | 23,211     |
| Ultracargo – Operações Logísticas e Participações Ltda. | 687,229     | 674,504    | 31,445     | 17,699     |
| Refinaria de Petróleo Riograndense S.A.                 | 7,339       | 2,522      | 10,642     | 9,302      |
| Companhia Brasileira de Petróleo Ipiranga               | -           | -          | -          | 190,661    |
| Sociedade Brasileira de Participações Ltda.             | -           | -          | -          | (17,076 )  |
|   | 4,773,840   | 5,005,465  | 314,896    | 223,797    |

## b. Affiliated companies (Consolidated)

|  | Investments |            | Equity     |            |
|--|-------------|------------|------------|------------|
|  | 06/30/2010  | 03/31/2010 | 06/30/2010 | 06/30/2009 |
| Transportadora Sulbrasileira de Gás S.A.   | 6,631       | 6,638      | 8          | (69 )      |
| Química da Bahia Indústria e Comércio S.A. | 3,731       | 3,746      | (15 )      | 118        |
| Oxicap Indústria de Gases Ltda.            | 1,959       | 2,102      | (131 )     | (10 )      |
|  | 12,321      | 12,486     | (138 )     | 39         |

In the consolidated interim financial statements, the investment of the subsidiary Oxiten S.A. Indústria e Comércio (“Oxiten S.A.”) in the affiliate Oxicap Indústria de Gases Ltda. is valued by the equity method of accounting based on its interim financial statements as of May 31, 2010, while the other affiliates are valued based on the interim financial statements as of June 30, 2010.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 13   | Property, plant and equipment (Consolidated) |           | 06/30/2010               |                    | 03/31/2010 |           |
|--|--|-----------|--------------------------|--------------------|------------|-----------|
|  | Weighted average term of depreciation years) | Cost      | Accumulated depreciation | Provision for loss | Net        | Net       |
| Lands  | -  | 374,580   | -                        | (197 )             | 374,383    | 396,823   |
| Buildings  | 25   | 1,029,320 | (420,781 )               | -                  | 608,539    | 632,827   |
| Leasehold improvements                                     | 11   | 373,842   | (182,323 )               | -                  | 191,519    | 189,664   |
| Machinery and equipment                                    | 11   | 2,510,799 | (1,054,600 )             | (1,697 )           | 1,454,502  | 1,452,010 |
| Light fuel/lubricant distribution equipment and facilities | 14   | 1,382,018 | (806,245 )               | -                  | 575,773    | 568,458   |
| LPG tanks and bottles                                      | 13   | 360,667   | (192,617 )               | -                  | 168,050    | 153,701   |
| Vehicles   | 9  | 174,067   | (111,698 )               | -                  | 62,369     | 57,089    |
| Furniture and utensils                                     | 6  | 97,654    | (57,798 )                | -                  | 39,856     | 40,119    |
| Construction in progress                                   | -  | 347,703   | -                        | -                  | 347,703    | 238,900   |
| Advances to suppliers                                      | -  | 24,578    | -                        | -                  | 24,578     | 25,991    |
| Imports in progress  | -  | 809       | -                        | -                  | 809        | 71,835    |
| IT equipment   | 5  | 176,003   | (143,158 )               | -                  | 32,845     | 33,767    |
|  |  | 6,852,040 | (2,969,220 )             | (1,894 )           | 3,880,926  | 3,861,184 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Movements in property, plant and equipment as of June 30, 2010 are as follows:

|   | Balance as<br>of Mar. 31,<br>2010 | Additions | Depreciation | Transfer  | Write-offs | Exchange<br>rate | Balance as<br>of Jun. 30,<br>2010 |
|---|-----------------------------------|-----------|--------------|-----------|------------|------------------|-----------------------------------|
| <b>Cost:</b>  |                                   |           |              |           |            |                  |                                   |
| Lands   | 397,020                           | -         | -            | (14 )     | (22,352 )  | (74 )            | 374,580                           |
| Buildings   | 1,064,058                         | 2,190     | -            | (652 )    | (36,024 )  | (252 )           | 1,029,320                         |
| Leasehold<br>improvements   | 366,114                           | 1,386     | -            | 6,594     | (252 )     | -                | 373,842                           |
| Machinery and<br>equipment  | 2,467,951                         | 15,660    | -            | 28,594    | (177 )     | (1,229 )         | 2,510,799                         |
| Light fuel/lubricant<br>distribution<br>equipment and<br>facilities | 1,360,326                         | 22,654    | -            | 2,054     | (3,016 )   | -                | 1,382,018                         |
| LPG tanks and bottles   | 345,381                           | 21,500    | -            | 2         | (6,216 )   | -                | 360,667                           |
| Vehicles  | 237,228                           | 3,332     | -            | (63,987 ) | (2,482 )   | (24 )            | 174,067                           |
| Furniture and utensils  | 96,082                            | 2,654     | -            | (978 )    | (72 )      | (32 )            | 97,654                            |
| Construction in progress  | 238,900                           | 81,743    | -            | 27,022    | -          | 38               | 347,703                           |
| Advances to suppliers   | 25,991                            | 1,226     | -            | (2,515 )  | (124 )     | -                | 24,578                            |
| Imports in progress   | 71,835                            | 556       | -            | (71,582 ) | -          | -                | 809                               |
| IT equipment  | 175,740                           | 2,474     | -            | (549 )    | (1,645 )   | (17 )            | 176,003                           |
|   | 6,846,626                         | 155,375   | -            | (76,011 ) | (72,360 )  | (1,590 )         | 6,852,040                         |
| <b>Accumulated<br/>depreciation:</b>                                |                                   |           |              |           |            |                  |                                   |
| Buildings   | (431,231 )                        | -         | (9,992 )     | 943       | 19,450     | 49               | (420,781 )                        |
| Leasehold<br>improvements   | (176,450 )                        | -         | (7,049 )     | 1,081     | 95         | -                | (182,323 )                        |
| Machinery and<br>equipment  | (1,014,244)                       | -         | (45,339 )    | 4,552     | 164        | 267              | (1,054,600)                       |
| Light fuel/lubricant<br>distribution<br>equipment and<br>facilities | (791,868 )                        | -         | (17,020 )    | -         | 2,643      | -                | (806,245 )                        |
| LPG tanks and bottles   | (191,680 )                        | -         | (4,566 )     | -         | 3,629      | -                | (192,617 )                        |
| Vehicles  | (180,139 )                        | -         | (1,013 )     | 67,603    | 1,844      | 7                | (111,698 )                        |
| Furniture and utensils  | (55,963 )                         | -         | (2,642 )     | 744       | 53         | 10               | (57,798 )                         |
| IT equipment  | (141,973 )                        | -         | (3,537 )     | 1,088     | 1,244      | 20               | (143,158 )                        |
|   | (2,983,548)                       | -         | (91,158 )    | 76,011    | 29,122     | 353              | (2,969,220)                       |

## Provision for loss:

|                         |           |         |           |   |           |          |           |
|-------------------------|-----------|---------|-----------|---|-----------|----------|-----------|
| Lands                   | (197 )    | -       | -         | - | -         | -        | (197 )    |
| Machinery and equipment | (1,697 )  | -       | -         | - | -         | -        | (1,697 )  |
|                         | (1,894 )  | -       | -         | - | -         | -        | (1,894 )  |
| Net                     | 3,861,184 | 155,375 | (91,158 ) | - | (43,238 ) | (1,237 ) | 3,880,926 |

Construction in progress relates substantially to: (i) expansions and renovations in industrial facilities and (ii) construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant and equipment relate basically to toll manufacturing of equipment for expansion of plants.

As permitted by Law 11638/07 and Resolution CVM 565/08, the Company decided to maintain the revaluation balances until their realization, through depreciation or write-off, and they became part of the cost value of the goods. As of June 30, 2010, the revaluation balance of property, plant and equipment was R\$ 20,274 (R\$ 20,311 as of March 31, 2010).

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|                              | Weighted<br>average<br>term of<br>amortization<br>(years) | Intangible assets (Consolidated) |                             |                         |           | 06/30/2010 | 03/31/2010 |
|------------------------------|---|----------------------------------|-----------------------------|-------------------------|-----------|------------|------------|
|                              |   | Cost                             | Accumulated<br>amortization | Provision<br>for losses | Net       | Net        |            |
| Goodwill, net of tax effects | -   | 777,935                          | (103,046 )                  | -                       | 674,889   | 674,500    |            |
| Software                     | 5   | 233,564                          | (166,074 )                  | -                       | 67,490    | 67,710     |            |
| Technology                   | 5   | 23,694                           | (9,481 )                    | -                       | 14,213    | 15,313     |            |
| Commercial property rights   | 33  | 16,334                           | (3,593 )                    | -                       | 12,741    | 12,878     |            |
| Market rights                | 5   | 649,024                          | (188,611 )                  | -                       | 460,413   | 430,422    |            |
| Others                       | 10  | 4,113                            | (830 )                      | (1,449 )                | 1,834     | 1,875      |            |
|                              |   | 1,704,664                        | (471,635 )                  | (1,449 )                | 1,231,580 | 1,202,698  |            |

Movements in intangible assets as of June 30, 2010 are as follows:

|  | Goodwill,<br>net of tax<br>effects | Software | Technology | Commercial<br>property<br>rights | Market<br>rights | Others | Total     |
|--|------------------------------------|----------|------------|----------------------------------|------------------|--------|-----------|
| Balance as of March 31,<br>2010                  | 674,500                            | 67,710   | 15,313     | 12,878                           | 430,422          | 1,875  | 1,202,698 |
| Additions  | 389                                | 5,967    | -          | -                                | 65,140           | -      | 71,496    |
| Write-offs                                       | -                                  | (2 )     | -          | -                                | -                | -      | (2 )      |
| Amortization                                     | -                                  | (6,185 ) | (1,100 )   | (137 )                           | (35,149 )        | (41 )  | (42,612 ) |
| Balance as of June 30,<br>2010                   | 674,889                            | 67,490   | 14,213     | 12,741                           | 460,413          | 1,834  | 1,231,580 |
| Weighted average term<br>of amortization (years) | -                                  | 5        | 5          | 33                               | 5                | 10     |           |

In the income for the quarter, the amount of R\$ 42,612 was recorded as amortization of intangible assets, of which R\$ 40,312 was classified as expenses, and the rest was allocated to production and service cost.

Goodwill from acquisition of companies was amortized as of December 31, 2008, when its amortization has been ceased, and the net remaining balance is tested annually for impairment analysis purposes.

The Company has the following balances of goodwill as of June 30, 2010 and March 31, 2010, net of tax effects (see Note 10.a):

06/30/2010 03/31/2010

Goodwill on the acquisition of:

|                 |         |         |
|-----------------|---------|---------|
| Ipiranga        | 276,724 | 276,724 |
| União Terminais | 211,089 | 211,089 |
| Texaco          | 177,759 | 177,759 |
| Others          | 9,317   | 8,928   |
|                 | 674,889 | 674,500 |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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

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

Commercial property rights include those described below:

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

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

Market rights refer mainly to bonus expenses as provided in Ipiranga’s agreements with reseller gas stations and major consumers. Bonus expenses are recorded when incurred and recognized as an expense in income over the term of the agreement (typically 5 years).

Research & development expenses amounted to R\$ 9,292 in the income for the period ended June 30, 2010 (R\$ 10,935 in the income as of June 30, 2009).

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 15                  | Deferred charges (Consolidated)                           |        |   |                       |                       |
|---------------------|---|--------|---|-----------------------|-----------------------|
|                     | Weighted<br>average<br>term of<br>amortization<br>(years) | Cost   | 06/30/2010<br><br>Accumulated<br>amortization | 03/31/2010<br><br>Net | 03/31/2010<br><br>Net |
| Restructuring costs | 4   | 25,911 | (18,628 )                                     | 7,283                 | 8,591                 |

Restructuring costs relate to the LPG distribution business, namely: (i) costs for expansion projects involving new regions of activity and (ii) costs for restructuring the home distribution network to increase the contribution margin and expand the bottled gas business through new dealers. Costs will be maintained in this group until they are fully amortized, which will occur in December 2013.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 16 Financing, debentures and finance lease (Consolidated)

## a. Composition

| Description                     | 06/30/2010 | 03/31/2010 | Index/Currency   | Weighted average financial charges Jun. 30, 2010 - % p.a. | Maturity     |
|---------------------------------|------------|------------|------------------|---|--------------|
| Foreign currency:               |            |            |                  |   |              |
| Notes in the foreign market (b) | 446,400    | 449,170    | US\$             | +7.2  | 2015         |
| Syndicated loan (c)             | 107,785    | 106,960    | US\$ + LIBOR (i) | +1.2  | 2011         |
| ACC                             | 103,439    | 106,881    | US\$             | +1.9  | <229 days    |
| ACE                             | 66,802     | 65,387     | US\$             | +1,7  | <205 days    |
| BNDES                           | 58,194     | 55,086     | US\$             | +6.2  | 2010 to 2016 |
| FINIMP – RPR                    | 17,419     | 17,094     | US\$             | +3.5  | 2010         |
| Financial institutions          | 17,123     | 15,659     | MX\$ + THIE (ii) | +2.4  | 2010 to 2014 |
| Financial institutions          | 8,568      | 8,511      | US\$ + LIBOR (i) | +1.9  | 2010 to 2011 |
| FINIMP – Tequimar               | 872        | 847        | US\$             | +7.0  | 2012         |
| Financial institutions          | 87         | 509        | Bs (iii)         | +28.0   | 2013         |
| BNDES (d)                       | 82         | 274        | UMBNDDES (iv)    | +8.1  | 2010 to 2011 |
| Subtotal                        | 826,771    | 826,378    |                  |   |              |
| Local currency:                 |            |            |                  |   |              |
| Banco do Brasil –fixed (e)      | 1,801,291  | 840,816    | R\$              | +11.8   | 2012 to 2015 |
| Debentures (f)                  | 1,246,903  | 1,215,750  | CDI              | 108.5   | 2012         |
| BNDES (d)                       | 1,125,003  | 1,106,263  | TJLP (v)         | +3.8  | 2010 to 2019 |
| Loan - MaxFácil                 | 115,560    | 113,055    | CDI              | 100.0   | 2010         |
| Banco do Nordeste do Brasil     | 105,951    | 109,290    | R\$              | +8.5 (vi)   | 2018         |
| FINEP                           | 65,566     | 63,661     | TJLP (v)         | +0.8  | 2010 to 2014 |



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|  |           |           |          |       |              |
|--|-----------|-----------|----------|-------|--------------|
| Working capital loan – União Vopak/RPR                     | 30,372    | 30,217    | CDI      | 117.8 | 2010 to 2014 |
| BNDES (d)  | 27,838    | 21,222    | R\$      | +5.0  | 2015 to 2019 |
| FINAME   | 9,807     | 12,104    | TJLP (v) | +3.1  | 2010 to 2013 |
| Floating finance leases (g)                                | 7,810     | 10,447    | CDI      | +1.7  | 2010 to 2011 |
| Fixed finance leases (g)                                   | 1,849     | 1,989     | R\$      | +13.6 | 2011 to 2014 |
| Others   | 1,385     | 1,757     | CDI      | +1.7  | 2010 to 2011 |
| Banco do Brasil – floating (e)                             | -         | 57,113    | CDI      | 95.0  | 2010         |
| Subtotal   | 4,539,335 | 3,583,684 |          |       |              |
| Income from currency and interest rate hedging instruments | 43,457    | 50,155    |          |       |              |
| Total  | 5,409,563 | 4,460,217 |          |       |              |
| Current  | 900,622   | 754,350   |          |       |              |
| Non-current  | 4,508,941 | 3,705,867 |          |       |              |

(i) LIBOR = London Interbank Offered Rate.

(ii) MX\$ = Mexican Peso; TIIE = Mexican interbank balance interest rate.

(iii) Bs = Venezuelan Bolivares Fortes.

(iv) UMBNDES = monetary unit of Banco Nacional de Desenvolvimento Econômico e Social (“BNDES”) is a “basket of currencies” representing the composition of foreign currency debt obligations of BNDES. As of June 2010, 96% of this composition reflected the U.S. dollar.

(v) TJLP = set by the National Monetary Council, TJLP is the basic financing cost of BNDES. On June 30, 2010, TJLP was fixed at 6% p.a.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(vi)Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to foster the development of the industrial sector, administered by Banco do Nordeste. On June 30, 2010, the FNE interest rate was 10% p.a. Over the interest, there is a compliance bonus of 15%.

The long-term amounts break down as follows by year of maturity:

|                   | 06/30/2010 | 03/31/2010 |
|-------------------|------------|------------|
| From 1 to 2 years | 921,349    | 949,221    |
| From 2 to 3 years | 2,267,151  | 2,030,784  |
| From 3 to 4 years | 413,173    | 117,959    |
| From 4 to 5 years | 369,962    | 68,407     |
| More than 5 years | 537,306    | 539,496    |
|                   | 4,508,941  | 3,705,867  |

As provided in Resolution CVM 556/08, the transaction costs and issue premiums associated with fund raising by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 16.h).

The Company's management contracted hedging against foreign exchange exposure and interest rate for some debt (see Note 23).

b. Notes in the foreign market

In December 2005, the subsidiary LPG International Inc. issued US\$ 250 million in notes in the foreign market, with maturity in December 2015 and financial charge of 7.25% p.a., paid semiannually, with the first payment due June 2006. The issue price was 98.75% of the face value of the note, which represented a total return of 7.429% p.a. for the investor at the time of issuance. The notes were secured by the Company and Oxiteno S.A.

As a result of the issuance of notes in the foreign market, the Company and its subsidiaries, as mentioned above, are subject to certain commitments, including:

• Limitation of transactions with shareholders owning more than 5% of any class of stock of the Company that are not as favorable to the Company as available in the market.

• Required resolution of the Board of Directors for transactions with related parties in an amount exceeding US\$ 15 million (except for transactions of the Company with subsidiaries and between subsidiaries).

• Restriction on transfer of all or substantially all assets of the Company and its subsidiaries.

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



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

c. **Syndicated loan**

In June 2008, the subsidiary Oxiteno Overseas renewed the syndicated loan contracted in June 2005 in the amount of US\$ 60 million. The syndicated loan has maturity in June 2011 and financial charge of LIBOR + 1.25% p.a. The Company contracted instruments of protection with floating interest rate in dollar and exchange rate variation, changing the syndicated loan charge to 99.5% of CDI (see Note 23). The syndicated loan is secured by the Company and subsidiary Oxiteno S.A.

As a result of the issuance of the syndicated loan, some obligations other than those in Note 16.b) must be maintained by the Company:

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

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

The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

d. **BNDES**

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

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

- capitalization level: shareholders' equity / total assets equal to or above 0.30; and
- current liquidity level: current assets / current liabilities equal to or above 1.3.

e. **Banco do Brasil**

The subsidiary IPP has loans with Banco do Brasil to finance the commercialization, processing or industrialization of agricultural goods (ethanol). During the second quarter of 2010 IPP raised R\$ 900 million, and re-contracted a loan, which maturity would occur during this period, in the amount of R\$ 56.5 million. The loans from Banco do Brasil have maturity from 2 to 5 years and average fixed rate of 11.8% p.a. The subsidiary IPP has contracted an instrument of protection of interest rate, converting the charges of those loans to 99% of CDI on average (see Note 23). Subsidiary IPP designates hedging instruments as fair value hedge; accordingly, both



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

loans and hedging instruments are presented at their fair value calculated from the agreement date.

## f. Debentures

In June 2009, the Company made its third issuance of debentures, in a single series of 1,200 simple, nonconvertible into shares, unsecured debentures with the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | May 19, 2012               |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 100% CDI + 3.0% p.a.       |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

The funds obtained with this issuance were used for prepaid payment, in June 2009, of 120 Promissory Notes in the total amount of R\$ 1,200,000 issued by the Company in December 2008.

In December 2009, the Company concluded the review of certain terms and conditions of its third issuance of debentures. Thus, the interest of the debentures was reduced to 108.5% CDI and its maturity date was extended to December 4, 2012. The debentures have annually interest payments and amortization in one single tranche at the maturity date, as according to the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | December 4, 2012           |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 108,5% CDI                 |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

## g. Finance leases

The subsidiaries IPP and Serma have finance lease contracts primarily related to fuel distribution equipment, such as tanks, pumps, VNG compressors and IT equipment. These contracts have terms between 36 and 60 months.

The subsidiaries have the option to purchase the assets at a price substantially lower than the fair market price on the date of option, and management intends to exercise such option. No restrictions are imposed on these agreements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The amounts of the equipments, net of depreciation, and of the liabilities corresponding to such equipments, recorded as of June 30, 2010 and March 31, 2010, are shown below:

|                                | 06/30/2010                  |              | 03/31/2010                  |                           |
|--------------------------------|-----------------------------|--------------|-----------------------------|---------------------------|
|                                | Fuel distribution equipment | IT equipment | Fuel distribution equipment | IT equipment and vehicles |
| Equipments net of depreciation | 21,600                      | 2,910        | 21,736                      | 3,298                     |
| Financing                      | 7,810                       | 1,849        | 10,446                      | 1,990                     |
| Current                        | 7,506                       | 584          | 8,819                       | 572                       |
| Non-current                    | 304                         | 1,265        | 1,627                       | 1,418                     |

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 06/30/2010                  |              | 03/31/2010                  |                           |
|------------------|-----------------------------|--------------|-----------------------------|---------------------------|
|                  | Fuel distribution equipment | IT equipment | Fuel distribution equipment | IT equipment and vehicles |
| Up to 1 year     | 7,961                       | 784          | 9,017                       | 789                       |
| More than 1 year | 341                         | 1,457        | 1,662                       | 1,653                     |
|                  | 8,302                       | 2,241        | 10,679                      | 2,442                     |

The above installments include the amounts of ISS payable on the monthly installments.

h. Transaction costs

Transaction costs incurred in obtaining financial resources were deducted from the value of the financial instrument and recorded as expense according to the effective rate, as follows:

|                            | Effective rate of transaction costs (% p.a.) | Balance as of Mar. 31, 2010 | Incurred cost | Amortization | Balance as of Jun. 30, 2010 |
|----------------------------|--|-----------------------------|---------------|--------------|-----------------------------|
| Banco do Brasil – prefixed | 0.6 %  | 8,241                       | 19,589        | (615 )       | 27,215                      |

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|                                 |     |   |        |        |        |   |        |
|---------------------------------|-----|---|--------|--------|--------|---|--------|
| Debentures (d)                  | 0.6 | % | 18,462 | -      | (1,458 | ) | 17,004 |
| Notes in the foreign market (b) | 0.2 | % | 5,046  | -      | (162   | ) | 4,884  |
| Others                          | 0.9 | % | 1,006  | 152    | (136   | ) | 1,022  |
| Total                           |     |   | 32,755 | 19,741 | (2,371 | ) | 50,125 |

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The amount to be appropriated to income in the future is as follows:

|                                    | Up to 1<br>year | 1 to 2<br>years | 2 to 3<br>years | 3 to 4<br>years | 4 to 5<br>years | More than<br>5 years | Total  |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------|
| Banco do Brasil – prefixed         | 10,442          | 5,709           | 6,555           | 2,982           | 1,527           | -                    | 27,215 |
| Debentures (d)                     | 7,257           | 6,286           | 3,461           | -               | -               | -                    | 17,004 |
| Notes in the foreign<br>market (b) | 888             | 888             | 888             | 888             | 888             | 444                  | 4,884  |
| Others                             | 598             | 284             | 64              | 48              | 28              | -                    | 1,022  |
| Total                              | 19,185          | 13,167          | 10,968          | 3,918           | 2,443           | 444                  | 50,125 |

## i. Collateral

Financing is secured by collateral amounting to R\$ 120,028 as of June 30, 2010 (R\$ 125,556 as of March 31, 2010) and by guarantees and promissory notes in the amount of R\$ 1,982,264 as of June 30, 2010 (R\$ 2,055,040 as of March 31, 2010).

In addition, the Company and its subsidiaries offer collateral in the form of bank letters of guarantee for commercial and legal proceeding in the amount of R\$ 137,979 as of June 30, 2010 (R\$ 157,900 as of March 31, 2010).

Some subsidiaries issued collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 10,613 as of June 30, 2010 (R\$ 16,092 as of March 31, 2010), with maturities of no more than 211 days. As of June 30, 2010, the Company and its subsidiaries did not have losses in connection with these collaterals. The fair value of collateral recognized in current liabilities is R\$ 257 as of June 30, 2010 (R\$ 395 as of March 31, 2010). This is recognized in income as customers set the their obligations with financial institutions.

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US\$ 10 million. As of June 30, 2010, there was no event of default of the debts of the Company and its subsidiaries.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 17 Assets retirement obligation

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations after a certain use period. (see Note 3.1).

Movements in the assets retirement obligations are as follows:

|                              |          |
|------------------------------|----------|
| Balance as of March 31, 2010 | 65,849   |
| Additions (new tanks)        | 186      |
| Expenses with tanks removed  | (1,748 ) |
| Adjustments of expenses      | 649      |
| Balance as of June 30, 2010  | 64,936   |
| Current                      | 5,703    |
| Non-current                  | 59,233   |

## 18 Deferred revenue

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

|   | Jun. 30,<br>2010 | Mar. 31,<br>2010 |
|---|------------------|------------------|
| Initial franchise fee 'am/pm'                       | 6,230            | 5,989            |
| Loyalty program Km de Vantagens (see<br>Note 2.2.f) | 10,915           | 16,887           |
| Other   | 863              | 999              |
|   | 18,008           | 23,875           |
| Current   | 13,362           | 18,708           |
| Non-current   | 4,646            | 5,167            |

The initial franchise fee related to the 'am/pm' convenience store chain received by Ipiranga is deferred and recognized in income on an accrual basis, based on the substance of the agreements with the franchisees.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

19 Shareholders' equity

a. Share capital

The Company is a publicly traded company listed on the São Paulo ("BM&FBovespa") and New York Stock Exchanges ("NYSE"), with a subscribed and paid-in capital represented by 136,095,999 shares without par value, including 49,429,897 common and 86,666,102 preferred shares.

As of June 30, 2010, there were 13,028,851 preferred shares outstanding abroad in the form of American Depositary Receipts ("ADRs").

Preferred shares are nonconvertible into common shares, nonvoting, and give their holders priority in capital redemption, without premium, upon liquidation of the Company.

At the beginning of 2000, the Company granted tag-along rights through a shareholders' agreement, assuring non-controlling shareholders the right to the same conditions as negotiated by the controlling shareholders in case of transfer of the control of the Company. In 2004, these rights were incorporated into the Bylaws of the Company.

The Company is authorized to increase the capital without amendment to the Bylaws, by resolution of the Board of Directors, up to the limit of R\$ 4,500,000 through the issuance of common or preferred shares, regardless of the current number of shares, subject to the limit of 2/3 of preferred shares in the total shares issued.

b. Treasury shares

The Company acquired shares issued by itself at market prices without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with Instructions CVM 10 of February 14, 1980 and 268 of November 13, 1997. In the first semester of 2010, there were no stock repurchases.

As of June 30, 2010, the interim financial statements of the parent company totaled 2,138,772 preferred shares and 6,617 common shares held in treasury, acquired at an average cost of R\$ 57.79 and R\$ 19.30 per share, respectively. In the consolidated interim financial statements, 2,592,247 preferred shares and 6,617 common shares are held in treasury, acquired at an average cost of R\$ 54.22 and R\$ 19.30 per share, respectively.

The price of preferred shares issued by the Company as of June 30, 2010 on BM&FBovespa was R\$ 86,39.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## c. Capital reserve

The capital reserve reflects the gain of the transfer of shares at market price to be held in treasury in the Company's subsidiaries, at an average price of R\$ 47.26 per share. Such shares were used to award beneficial ownership to executives of these subsidiaries, as mentioned in Note 9.c).

## d. Revaluation reserve

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

In some cases, tax charges on the equity-method revaluation reserve of certain subsidiaries are recognized as the reserve is realized, as they preceded the issuance of Resolution CVM 183/95.

## e. Retention of profits reserve

Used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments. Formed in accordance with Article 196 of the Brazilian Corporate Law, it includes both the portion of net income for the year and the realization of the revaluation reserve.

## f. Conciliation between parent company and consolidated shareholders' equity

|   | 06/30/2010 | 03/31/2010 |
|---|------------|------------|
| Parent company shareholders' equity under New BR GAAP                                     | 5,082,885  | 4,893,868  |
| Treasury shares held by subsidiaries – net of realization                                 | (11,396 )  | (12,040 )  |
| Capital reserve from sale of treasury shares to subsidiaries – net of realization         | (2,906 )   | (3,056 )   |
| Consolidated shareholders' equity under New BRGAAP  | 5,068,583  | 4,878,772  |
| Non-controlling interest by subsidiaries  | (21,723 )  | (20,535 )  |
| Consolidated shareholders' equity, excluding the non-controlling interest by subsidiaries | 5,046,860  | 4,858,237  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

g. Valuation adjustment

In valuation adjustment (i) the differences between the fair value and adjusted cost of financial investments classified as available for sale and financial instruments designated as a cash flow hedge of the change in interest rates and (ii) the effect of exchange rate changes on derivatives designated as hedging by RPR, used to protect the future cash flow are recognized directly in shareholders' equity. In all cases, the gains and losses recorded in the shareholders' equity are included in income, in the case of financial instruments prepayment.

h. Cumulative translation adjustments of foreign currency

The change in exchange rates on foreign subsidiaries denominated in a currency other than the currency of the Company is directly recognized in the shareholders' equity. This accumulated effect is reflected in income for the year as a gain or loss only in case of disposal or write-off of the investment.

20 Income on disposal of assets

Income on disposal of assets is composed of R\$ 1,373 (expense) (R\$ 9,911 (revenue) as of June 30, 2009) mainly of proceeds from the sale of property, plant and equipment, especially LPG bottles, land and vehicles.

21 Segment information

The Company operates four main business segments: gas distribution, fuel distribution, chemicals, and logistics. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast Regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution of fuels and lubricants and related activities throughout all the Brazilian territory, since the acquisition of Texaco on April 1, 2009. The chemicals segment (Oxiten) produces ethylene oxide and its derivatives, which are the raw materials for the cosmetics & detergent, agrochemical, paint & varnish, and other industries. The logistics segment (Ultracargo) provides transportation and storage services, especially in the Southeast, and Northeast Regions of Brazil. The segments shown in the interim financial statements are strategic business units supplying different products and services. Inter-segment sales are at prices similar to those that would be charged to third parties.

The main financial information on each segment of the Company can be stated as follows:

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | 06/30/2010 | 06/30/2009 |
|--|------------|------------|
| Net revenue:                               |            |            |
| Ultragaz                                   | 1,763,995  | 1,627,834  |
| Ipiranga                                   | 17,408,368 | 13,326,283 |
| Oxiteno                                    | 1,020,840  | 929,133    |
| Ultracargo                                 | 168,892    | 169,588    |
| Other (1)                                  | 180,992    | 123,554    |
| Intersegment sales                         | (227,109 ) | (147,308 ) |
| Total                                      | 20,315,978 | 16,029,084 |
| Intersegment sales:                        |            |            |
| Ultragaz                                   | 1,199      | 1,190      |
| Ipiranga                                   | 18,534     | -          |
| Oxiteno                                    | -          | -          |
| Ultracargo                                 | 45,339     | 30,573     |
| Other (1)                                  | 162,037    | 115,545    |
| Total                                      | 227,109    | 147,308    |
| Net revenue, excluding intersegment sales: |            |            |
| Ultragaz                                   | 1,762,796  | 1,626,644  |
| Ipiranga                                   | 17,389,834 | 13,326,283 |
| Oxiteno                                    | 1,020,840  | 929,133    |
| Ultracargo                                 | 123,553    | 139,015    |
| Other (1)                                  | 18,955     | 8,009      |
| Total                                      | 20,315,978 | 16,029,084 |
| Operating profit:                          |            |            |
| Ultragaz                                   | 90,154     | 69,558     |
| Ipiranga                                   | 365,834    | 244,762    |
| Oxiteno                                    | 59,823     | 32,151     |
| Ultracargo                                 | 42,506     | 29,776     |
| Other (1)                                  | 22,280     | 21,175     |
| Total                                      | 580,597    | 397,422    |
| Net financial income                       | (139,008 ) | (148,500 ) |
| Equity in income of affiliates             | (138 )     | 39         |
| Income before taxes                        | 441,451    | 248,961    |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | 06/30/2010 | 06/30/2009 |
|--|------------|------------|
| Additions to property, plant and equipment and intangible assets:                            |            |            |
| Ultragaz   | 83,006     | 86,470     |
| Ipiranga   | 182,010    | 96,173     |
| Oxitenó  | 146,775    | 70,643     |
| Ultracargo   | 21,736     | 15,728     |
| Other (1)  | 6,668      | 11,941     |
| Total additions to property, plant and equipment and intangible assets (see Notes 13 and 14) | 440,195    | 280,955    |
| Assets retirement obligation   | (899 )     | (2,386 )   |
| Finance leases   | -          | 226        |
| Other  | (462 )     | -          |
| Total investments to property, plant and equipment and intangible assets (cash flow)         | 438,834    | 278,795    |

|  | 06/30/2010 | 06/30/2009 |
|--|------------|------------|
| Depreciation and amortization charges: |            |            |
| Ultragaz                               | 63,210     | 59,262     |
| Ipiranga                               | 131,376    | 101,414    |
| Oxitenó                                | 49,441     | 50,158     |
| Ultracargo                             | 15,076     | 26,494     |
| Other (1)                              | 4,689      | 4,227      |
| Total                                  | 263,792    | 241,555    |

|               | 06/30/2010 | 03/31/2010 |
|---------------|------------|------------|
| Total assets: |            |            |
| Ultragaz      | 1,366,246  | 1,323,312  |
| Ipiranga      | 6,070,749  | 5,663,846  |
| Oxitenó       | 3,061,155  | 2,782,511  |
| Ultracargo    | 944,040    | 926,125    |
| Other (1)     | 908,143    | 483,345    |
| Total         | 12,350,333 | 11,179,139 |

On the table above, the column “Other” is composed primarily of the parent company Ultrapar Participações S.A. and the investment in RPR.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Geographic area information

All long-term assets are located in Brazil, except certain long-life assets located in Mexico, in the amount of R\$ 26,917 as of June 30, 2010 (R\$ 27,326 as of March 31, 2010), and in Venezuela, in the amount of R\$ 3,034 as of June 30, 2010 (R\$ 2,941 as of March 31, 2010).

The Company generates revenues from operations in Brazil, Mexico (since December 2003) and Venezuela (since September 2007), as well as from exports of products to foreign customers, as disclosed below:

|  | 06/30/2010 | 06/30/2009 |
|--|------------|------------|
| Net revenue:                           |            |            |
| Brazil                                 | 20,017,290 | 15,731,928 |
| Latin America except Brazil and Mexico | 145,461    | 143,908    |
| North America                          | 97,005     | 88,021     |
| Far East                               | 20,115     | 30,627     |
| Europe                                 | 26,767     | 29,448     |
| Other                                  | 9,340      | 5,152      |
| Total                                  | 20,315,978 | 16,029,084 |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 22   | Financial income (Consolidated) | 06/30/2010 | 06/30/2009 |
|--|---------------------------------|------------|------------|
| Financial revenues:  |                                 |            |            |
| Interest on financial investments  |                                 | 76,713     | 70,474     |
| Interest from customers  |                                 | 21,862     | 20,515     |
| Other revenues   |                                 | 2,376      | 2,761      |
|  |                                 | 100,951    | 93,750     |
| Financial expenses:  |                                 |            |            |
| Interest on financing  |                                 | (132,498 ) | (200,393 ) |
| Interest on debentures   |                                 | (59,184 )  | (9,945 )   |
| Interest on finance leases   |                                 | (705 )     | (1,393 )   |
| Bank charges, IOF, and other charges   |                                 | (14,346 )  | (16,986 )  |
| Monetary changes and changes in exchange rates, net of income from hedging instruments |                                 | (6,790 )   | (7,223 )   |
| Provisions updating and other expenses (*)   |                                 | (26,436 )  | (6,310 )   |
|  |                                 | (239,959 ) | (242,250 ) |
| Financial income   |                                 | (139,008 ) | (148,500 ) |

(\*)In 2010, includes the effect related to the Company and its subsidiaries' adhesion to a debt amnesty established by Law 11941/09 (see Note 24.a).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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Risks and financial instruments (Consolidated)

#### Risk management and financial instruments - Governance

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

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

Implementation of the management of financial assets, instruments and risks is the responsibility of the Financial Area, through its treasury, with the assistance of the tax and accounting areas.

- Supervision and monitoring of compliance with the principles, guidelines and standards of the Policy is the responsibility of the Risk and Investment Committee, set up more than 10 years ago and composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fund raising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.

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

Continuous enhancement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the Financial Area.

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Currency risk

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

The subsidiaries of the Company use exchange rate hedging instruments (especially between the Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts and disbursements in foreign currency, in order to reduce the effects of changes in exchange rates on its results and cash flows in Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts and disbursements in foreign currency to which they are related. Assets and liabilities in foreign currency are stated below, translated into Reais as of June 30, 2010 and March 31, 2010:

## Assets and liabilities in foreign currency

| Amounts in millions of Reais  | 06/30/2010 | 03/31/2010 |
|---|------------|------------|
| Assets in foreign currency  |            |            |
| Financial assets in foreign currency (except hedging instrument)          | 232.9      | 230.1      |
| Foreign trade accounts receivable, net of provision for loss              | 113.5      | 107.1      |
| Investments in foreign subsidiaries                                       | 64.2       | 58.8       |
|   | 410.6      | 396.0      |
| Liabilities in foreign currency   |            |            |
| Financing in foreign currency   | (809.4 )   | (809.3 )   |
| Trade payables arising from imports, net of advances to foreign suppliers | (5.8 )     | (7.1 )     |
|   | (815.2 )   | (816.4 )   |
| Currency hedging instruments  | 211.6      | 211.7      |
| Net asset (liability) position  | (193.0 )   | (208.7 )   |
| Net asset (liability) position – RPR1                                     | 58.3       | 44.6       |
| Net asset (liability) position – Total                                    | (134.7 )   | (164.1 )   |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(1) Amount disclosed due to its magnitude and to RPR having independent financial management. The net asset position as of June 30, 2010 of RPR reflects the amount of R\$ 79.5 million of contracted exchange rate swaps primarily to protect the future import of oil, net of (i) R\$ 17.4 million of financing in foreign currency and (ii) R\$ 3.8 million of suppliers in foreign currency.

Based on the net liability position of R\$ 193.0 million in foreign currency shown above, the Company estimates that a 10% devaluation of the Real would produce a total effect of R\$ 19.3 million, of which R\$ 24.6 million of financial expense and R\$ 5.3 million of gain directly recognized in the shareholders' equity in cumulative translation adjustments. Based on the same position, the Company estimates that a 10% valuation of the Real would produce a total effect of R\$ 19.3 million, of which R\$ 24.6 million of financial revenue and R\$ 5.3 million of loss directly recognized in the shareholders' equity in cumulative translation adjustments (see Note 3.o).

Interest rate risk

The Company and its subsidiaries adopt conservative policies for fund raising and use of financial resources and capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the interest rate for CDI, as set forth in Note 5. Fund raising primarily results from financing from BNDES and other development agencies, debentures and funds raised in foreign currency, as shown in Note 16.

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of June 30, 2010, the Company and its subsidiaries had derivative financial instruments of interest rate linked to domestic loans, swapping pre-fixed interest of certain debts to floating rate.

Credit risks

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and cash equivalents, financial investments, and accounts receivable.

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

Government credit risk - The Company and its subsidiaries have financial investments in federal government bonds of Brazil and countries rated AAA or Aaa by specialized credit rating agencies. The volumes of financial investments are subject to maximum limits by country and, therefore, require diversification of counterparty.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Customer credit risk - Such risks are managed by each business unit through specific criteria for acceptance of customers and credit rating and are additionally mitigated by diversification of sales. As of June 30, 2010, Ipiranga maintained R\$ 99,101 (R\$ 99,011 as of March 31, 2010), Ultragas maintained R\$ 15,887 (R\$ 14,394 as of March 31, 2010), Oxiteno maintained R\$ 2,368 (R\$ 2,338 as of March 31, 2010) and the subsidiaries of Ultracargo maintained R\$ 985 (R\$ 858 as of March 31, 2010) as a provision for potential loss on their accounts and assets receivables.

Selection and use of financial instruments

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

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

As mentioned in the section Risk management and financial instruments – Governance of this Note, the Committee monitors compliance with the risk standards established by the Policy through a risk monitoring map, including the use of hedging instruments, on a monthly basis.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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

| Hedging instruments                                | Counterparty          | Maturity             | Initial notional amount <sup>1</sup> |             | Fair value  |             | Amounts payable or receivable for the period (06/30/2010 to 03/31/2010) |             |
|--|-----------------------|----------------------|--------------------------------------|-------------|-------------|-------------|---|-------------|
|  |                       |                      | 06/30/2010                           | 03/31/2010  | 06/30/2010  | 03/31/2010  | Receivable  | Payable     |
|  |                       |                      | R\$ million                          | R\$ million | R\$ million | R\$ million | R\$ million   | R\$ million |
| <b>a – Exchange rate swaps</b>                     |                       |                      |                                      |             |             |             |   |             |
| receivable in U.S. dollars                         | Bradesco, Citibank,   | Jul 2010 to          | USD                                  | USD         |             |             |   |             |
| Receivables in U.S. dollars                        | Goldman Sachs,        | Dec 2015             | 189.9                                | 188.7       | 343.2       | 340.6       | 343.2   | -           |
| Payables in CDI interest rate                      | HSBC, Itaú, Santander |                      | (189.9)                              | (188.7)     | (365.0)     | (369.2)     | -   | 36          |
| Total result                                       |                       |                      | -                                    | -           | (21.8)      | (28.6)      | 343.2   | 36          |
| <b>b – Exchange rate swaps</b>                     |                       |                      |                                      |             |             |             |   |             |
| payable in U.S. dollars                            | Bradesco, Citibank,   | Jul 2010 to          | USD                                  | USD         |             |             |   |             |
| Receivables in CDI interest rates                  | Itaú                  | Oct 2010             | 71.5                                 | 70.2        | 129.7       | 127.1       | 129.7   | -           |
| Payables in U.S. dollars                           |                       |                      | (71.5)                               | (70.2)      | (128.5)     | (124.2)     | -   | 12          |
| Total result                                       |                       |                      | -                                    | -           | 1.2         | 2.9         | 129.7   | 12          |
| <b>c – Interest rate swaps in R\$</b>              |                       |                      |                                      |             |             |             |   |             |
| Receivables in predetermined interest rate         | Banco do Brasil       | Feb 2012 to May 2015 | R\$                                  | R\$         |             |             |   |             |
| Payables in CDI interest rate                      |                       |                      | (1,809.5)                            | (853.0)     | (1,836.5)   | (856.7)     | -   | 1,          |
| Total result                                       |                       |                      | -                                    | -           | 0.1         | (3.8)       | 1,836.6   | 1,          |
| <b>d – Interest rate swaps in U.S. dollars</b>     |                       |                      |                                      |             |             |             |   |             |
| Receivables in LIBOR interest rate in U.S. dollars | Itaú                  | Jun 2011             | USD                                  | USD         |             |             |   |             |
| Payables in fixed interest rate in U.S. dollars    |                       |                      | (60.0)                               | (60.0)      | (108.3)     | (108.4)     | -   | 10          |
| Total result                                       |                       |                      | -                                    | -           | (3.1)       | (4.8)       | 105.2   | 10          |
| <b>e – NDFs (non-deliverable forwards) – RPR</b>   |                       |                      |                                      |             |             |             |   |             |
|  | Banco do Brasil,      | Jul 2010 to          |                                      |             |             |             |   |             |

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|  |                |          | USD        | USD        |         |         |         |    |
|--|----------------|----------|------------|------------|---------|---------|---------|----|
| Receivables in U.S. dollars                    | Bradesco, HSBC | Nov 2010 | 44.1       | 36.4       | 79.5    | 63.4    | 79.5    | -  |
| Payables in predetermined interest rate in R\$ |                |          | (USD 44.1) | (USD 36.4) | (80.9 ) | (63.0 ) | -       | 80 |
| Total result                                   |                |          | -          | -          | (1.4 )  | 0.4     | 79.5    | 80 |
| Total gross result                             |                |          | -          | -          | (25.0 ) | (33.9 ) | 2,494.2 | 2, |
| Income tax                                     |                |          | -          | -          | (3.3 )  | (2.2 )  | (3.3 )  | -  |
| Total net result                               |                |          | -          | -          | (28.3 ) | (36.1 ) | 2,490.9 | 2, |
| Positive result (see Note 5)                   |                |          |            |            | 15,1    | 14,0    |         |    |
| Negative result (see Note 16)                  |                |          |            |            | (43,4 ) | (50,1 ) |         |    |

1 In million. Currency as indicated

All transactions mentioned above were properly registered with CETIP S.A., except for the LIBOR interest rate swap in U.S. dollars, which is an over-the-counter contract governed by ISDA (International Swap Dealers Association, Inc.) executed with the counterparty Banco Itaú BBA S.A. – Nassau Branch.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Hedging instruments existing as of June 30, 2010 are described below, according to their category, risk, and protection strategy:

Hedging against foreign exchange exposure of liabilities in foreign currency - The purpose of these contracts is to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Reais linked to CDI. As of June 30, 2010, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 189.9 million in notional amount and, on average, they had asset position at US\$ + 5.11 p.a. and liability position at 117.44 % of CDI.

Hedging against foreign exchange exposure of operations - The purpose of these contracts is to make the exchange rate of the turnover of the subsidiaries of Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials. As of June 30, 2010, these swap contracts totaled US\$ 71.5 million and, on average, had an asset position at 81.48% of CDI and liability position at US\$ + 0.0% p.a.

Hedging against the interest rate fixed in local financing - The purpose of these contracts is to convert the interest rate on financing contracted in Reais from fixed into floating. On June 30, 2010 these swap contracts totaled R\$ 1,809.5 million, and on average had an asset position at 11.81% p.a. and liability position at 98.75% of CDI.

Hedging against floating interest rate in foreign currency - The purpose of this contract is to convert the interest rate on the syndicated loan in the principal of US\$ 60 million from floating into fixed. As of June 30, 2010, the subsidiary Oxiteno Overseas had a swap contract with a notional amount of US\$ 60 million, with an asset position at US\$ + LIBOR + 1.25% p.a. and a liability position at US\$ + 4.93% p.a.

Hedging against foreign exchange exposure of a firm commitment in foreign currency (RPR) - The purposes of these contracts is to offset the effect of the change in exchange rates on imports of oil denominated in U.S. dollars (US\$ 34.3 million) and the financing denominated in foreign currency (US\$ 9.8 million). On June 30, 2010 the subsidiary RPR held NDF (non-deliverable forwards) contracts with contracted average future U.S. dollar of R\$ 1.8692/US\$ and principal, proportional to the Company's interest of US\$ 44.1 million.

The Company and its subsidiaries designate as cash flow hedges some instruments of protection for future cash flows. These instruments of protection whose purpose is to protect the cash flows (i) from the risk of fluctuations in Libor on loans contracted and (ii) the risk of exchange rate changes of subsidiary RPR on future imports of oil denominated in U.S. dollars. On June 30, 2010 these instruments of protection amounted US\$ 94.3 million.

The Company and its subsidiaries designate derivative financial instruments used to offset the variations due to changes in interest rates in the market value of financing contracted in Reais as fair value hedge. As of June 30, 2010 these instruments of protection totaled R\$ 1,809.5 million.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Gains (losses) on hedging instruments

The following table summarizes the values of gains (losses) recorded in the first semester of 2010 which affected the income statement and shareholders' equity of the Company and its subsidiaries:

|  | Income        | Consolidated<br>R\$ million<br>Shareholders'<br>equity |
|--|---------------|--|
| a - Exchange rate swaps receivable in U.S. dollars | (5.3 )        | -  |
| b - Exchange rate swaps payable in U.S. dollars    | (1.4 )        | -  |
| c - Interest rate swaps in R\$                     | 7.0           | -  |
| d - Interest rate swaps in U.S. dollars            | (1.7 )        | 0.9  |
| e - NDFs (non-deliverable forwards) - RPR          | 1.3           | (0.9 )   |
| <b>Total</b>                                       | <b>(0.1 )</b> | <b>-</b>   |

The table above does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars, when this effect is offset in the income of the hedged subject (debt), and considers the designation effect of interest hedging in Reais.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Fair value of financial instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, as of June 30, 2010 and March 31, 2010 are stated below:

|   | 06/30/2010     |            | 03/31/2010     |            |
|---|----------------|------------|----------------|------------|
|   | Carrying value | Fair value | Carrying value | Fair value |
| <b>Financial assets:</b>                  |                |            |                |            |
| Cash and cash equivalents                 | 85,347         | 85,347     | 80,869         | 80,869     |
| Currency and interest hedging instruments | 15,111         | 15,111     | 14,017         | 14,017     |
| Financial investments                     | 2,926,840      | 2,926,840  | 1,824,218      | 1,824,218  |
|   | 3,027,298      | 3,027,298  | 1,919,104      | 1,919,104  |
| <b>Financial liabilities:</b>             |                |            |                |            |
| Financing                                 | 4,109,544      | 4,159,786  | 3,181,876      | 3,226,274  |
| Debentures                                | 1,246,903      | 1,234,625  | 1,215,750      | 1,213,654  |
| Finance leases                            | 9,659          | 9,659      | 12,436         | 12,436     |
| Currency and interest hedging instruments | 43,457         | 43,457     | 50,155         | 50,155     |
|   | 5,409,563      | 5,447,527  | 4,460,217      | 4,502,519  |

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

- The fair values of cash on current account are identical to the carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the interim financial statements, which correspond to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase in the yield curve and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value of other financial investments and financing was determined using calculation methodologies commonly used for marking-to-market, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of June 30, 2010 and March 31, 2010. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries used quotes provided by the transaction counterparties.

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

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Sensitivity analysis

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

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on BM&FBovespa as of June 30, 2010. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 2.68 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional devaluation, respectively, of the Real in the likely scenario.

Based on the balances of the hedging instruments and hedged items as of June 30, 2010, the exchange rates were replaced, and the changes between the new balance in Reais and the balance in Reais as of June 30, 2010 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

|   | Risk         | Scenario I<br>(likely) | Scenario<br>II | Scenario<br>III |
|---|--------------|------------------------|----------------|-----------------|
| Currency swaps receivable in U.S. dollars |              |                        |                |                 |
| (1) U.S. Dollar / Real swaps              | Dollar       | 77,333                 | 182,080        | 286,826         |
| (2) Debts in dollars                      | appreciation | (77,335 )              | (182,099 )     | (286,863 )      |
| (1)+(2)                                   | Net Effect   | (1 )                   | (19 )          | (37 )           |
| Currency swaps payable in U.S. dollars    |              |                        |                |                 |
| (3) Real / U.S. Dollar swaps              | Dollar       | (798 )                 | (33,218 )      | (65,637 )       |
| (4) Gross margin of Oxiteno               | devaluation  | 798                    | 33,218         | 65,637          |
| (3)+(4)                                   | Net Effect   | -                      | -              | -               |
| NDF exchange (RPR)                        |              |                        |                |                 |
| (5) NDF Receivables in U.S. Dollars       | Dollar       | 1,293                  | 21,471         | 41,649          |
| (6) Petroleum imports / FINIMP            | appreciation | (1,293 )               | (21,471 )      | (41,649 )       |
| (5)+(6)                                   | Net Effect   | -                      | -              | -               |

For the sensitivity analysis of the interest rate hedging instrument in dollar, the Company used the future LIBOR curve (BBA – British Bankers Association) as of June 30, 2010 at maturity of the swap and of the syndicated loan (hedged item), which occurs in 2011, in order to define the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, in the estimate of the likely LIBOR.

Based on the three interest rate scenarios in dollar (LIBOR), management estimated the values of its loan and of the hedging instrument by calculating the future cash flows associated with each instrument adopted according to the projected scenarios and adjusting them to present value by the rate in effect on June 30, 2010. The result is stated on the table below:



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|                                 | Risk        | Scenario I<br>(likely) | Scenario<br>II | Scenario<br>III |
|---------------------------------|-------------|------------------------|----------------|-----------------|
| Interest rate swap (in dollars) |             |                        |                |                 |
| (1) LIBOR swap - fixed rate     | Increase in | 439                    | 747            | 1,055           |
| (2) LIBOR Debt                  | LIBOR       | (444 )                 | (756 )         | (1,067 )        |
| (1)+(2)                         | Net Effect  | (5 )                   | (9 )           | (12 )           |

For sensitivity analysis of interest rate instruments of protection in Reais, the Company used the futures curve of DI x Pre contract of BM&FBovespa as of June 30, 2010 for each swap and each debt (object of protection) maturities, for defining the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, of pre-fixed rate to that of the likely scenario.

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

|                             | Risk          | Scenario I<br>(likely) | Scenario<br>II | Scenario<br>III |
|-----------------------------|---------------|------------------------|----------------|-----------------|
| Interest rate swap (in R\$) |               |                        |                |                 |
| (1) Fixed rate swap - CDI   | Increase in   | 80                     | (142,455 )     | (269,347 )      |
| (2) Fixed rate financing    | prefixed rate | (80 )                  | 142,475        | 269,389         |
| (1)+(2)                     | Net Effect    | -                      | 20             | 42              |

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## Contingencies and commitments (Consolidated)

a.

## Civil, tax and labor proceedings

On October 7, 2005, the subsidiaries Companhia Ultragaz S.A. (“Cia Ultragaz”) and Bahiana Distribuidora de Gás Ltda. (“Bahiana”) filed for and obtained a preliminary injunction to offset PIS and COFINS credits against other taxes administered by the Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court judgment on May 16, 2008. Under the preliminary injunction obtained, the subsidiaries have been making judicial deposits for these debits in the accumulated amount of R\$ 150,297 as of June 30, 2010 (R\$ 145,586 as of March 31, 2010) and have recorded a corresponding liability.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Subsidiaries Cia. Ultragaz, Utingás Armazenadora S.A. (“Utingás”), Tequimar, Transultra and Ultracargo - Operações Logísticas e Participações Ltda. (“Ultracargo Participações”) have filed actions with a motion for preliminary injunction seeking full and immediate utilization of the supplementary monetary adjustment based on the Consumer Price Index (IPC)/National Treasury Bonds (BTN) for 1990 (Law 8200/91); the subsidiaries Cia Ultragaz, Utingás and Tequimar opted to include the contingencies related to their processes within the Law 11941/09 amnesty and reclassified the contingencies’ amount to the line of taxes payables. The other subsidiaries maintain a provision of R\$ 944 as of June 30, 2010 (R\$ 928 as of March 31, 2010) to cover any contingencies if they lose such actions.

The Company and some of its subsidiaries have filed actions with a motion for preliminary injunction against the application of the law restricting offset of tax losses (IRPJ) and negative tax bases (CSLL) determined as of December 31, 1994 to 30% of the income for the year. As a result of the position of the Federal Supreme Court (STF) and based on the opinion of its legal counsel, a provision was recorded for this contingency in the amount of R\$ 6,375 as of June 30, 2010 (R\$ 6,330 as of March 31, 2010). The subsidiary Ultracargo Participações decided to include an administrative case related to this thesis within the Law 11941/09 amnesty and reclassified part of the provisioned contingency to the line of taxes payable.

The subsidiary IPP has proposed a Declaratory Action questioning the constitutionality of Law No. 9316/96, which denied the CSLL from the IRPJ calculation basis. This action had its application denied at lower court levels, and the subsidiary is awaiting the judgment of the appeal made to the STF. As a result of the decisions issued, the subsidiary has constituted judicial deposits and recorded a provision for contingencies amounting to R\$ 12,528 as of June 30, 2010 (R\$ 12,528 as of March 31, 2010).

Based on the favorable jurisprudence and the opinion of its legal counsel, the subsidiaries Oxiteno Nordeste and Oxiteno S.A. filed lawsuits to obtain exclusion of export revenues from the tax base for CSLL. The preliminary injunction was granted to Oxiteno Nordeste and the subsidiary is making judicial deposits of the amounts in discussion, as well as provisioning the corresponding contingency in the amount of R\$ 938; the subsidiary Oxiteno S.A. awaits judgment of appeal against the sentence which denied the requested preliminary injunction, and is still normally paying the CSLL.

The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Transultra, RPR, Tropical Transportes Ipiranga Ltda. (“Tropical”), Empresa Carioca de Produtos Químicos S.A. (“EMCA”) e IPP, filed for a preliminary injunction seeking the deduction of ICMS from the PIS and COFINS tax basis. Oxiteno Nordeste and IPP obtained an injunction and are paying the disputed amounts into judicial deposits, as well as recording the respective provision in the amount of R\$ 49,436 as of June 30, 2010 (R\$ 46,617 as of March 31, 2010); the others subsidiaries did not obtain a preliminary injunction and are awaiting the judgment of these lawsuits.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The Company and its subsidiaries obtained preliminary injunctions to pay PIS and COFINS contributions without the changes introduced by Law 9718/98 in its original version. The ongoing questioning refers to the levy of these taxes on sources other than revenues. In 2005, the STF decided the question in favor of the taxpayer. Although it has set a precedent, the effect of this decision does not automatically apply to all companies, since they must await judgment of their own legal lawsuits. The Company has subsidiaries whose lawsuits have not yet been decided. If all ongoing lawsuits are finally decided in favor of the subsidiaries, the Company estimates that the total positive effect on income before income tax and social contribution will reach R\$ 34,824, net of attorney's fees.

The Company and its subsidiaries are recording provision for PIS and COFINS calculated on the basis of the interest on capital. The total amount accrued at June 30, 2010 is R\$ 22,317 (R\$ 22,006 as of March 31, 2010).

The subsidiary IPP has provisions for contingencies related to ICMS related mainly to: (a) ownership of the credit for the difference between the value that was the basis for the retention tax and the amount actually practiced in sales to final consumers, resulting in excessive retention of ICMS by the Refinery, R\$ 29,297 (b) delinquency notice for interstate sales of fuel to industrial customers without taxation of ICMS, because the interpretation of Article 2 of the LC 87/96, R\$ 26,643, (c) requirement of the reversal of ICMS credits in the State of Minas Gerais, in the interstates, made under Article 33 of the ICMS Convention 66/88, which allowed the maintenance of the credits and was suspended by a preliminary injunction granted by the STF, R\$ 33,753, (d) requirement of ICMS-ST on interstate sales from the distributors to final consumers, because there is no retention under the duration of the Conventions ICMS 105/92 and 112/93 R\$ 7,794 (e) assessments for deducting of unconditional discounts from the tax basis for ICMS due to tax substitution, in the state of Minas Gerais, R\$ 17,193, (f) delinquency notice resulting from lack of ICMS collection in the States due to errors or lack of delivery of reports in interstate operations, contemplated by Convention ICMS 54/02, that enabled the transfer of ICMS to the state of fuel consumption, R\$ 4,129, and (g) requirement for the reversal of ICMS credits on transportation services taken during the freight reimbursement system established by the DNC (currently ANP – National Petroleum, Natural Gas and Biofuel Agency), R\$ 9,043. In the second quarter of 2010, the subsidiary IPP adhered to the amnesties granted by the states of Goiás, Pará, Paraíba, Tocantins and Paraná and partially paid its contingent liabilities.

The main tax claims of the subsidiary IPP that were considered to pose a possible risk of loss, and based on this position, have not been provided for in the interim financial statements, relate to ICMS and related mainly to: (a) assessments for lack of retention of ICMS-ST in the sale of petroleum products to customers who held decisions designed to separate the tax substitution, R\$ 68,339, (b) requirement of proportionate reversal of ICMS credits in view of the acquisitions of hydrous ethanol to give higher values than the its sales, because of the transfer of a portion of financial support for agriculturists (FUPA) made by the distributors upon the acquisitions subsequently reimbursed by the DNC, R\$ 24,338, (c) requirement of the reversal credit on the difference between the values that formed the basis for withholding tax and the amounts actually charged on sales to final consumers, R\$ 40,727, (d) assessments for alleged non-payment of taxes, R\$ 22,440, (e) requirement by SEFAZ RJ-reversal of ICMS credits on purchases of basic oils, due to the subsequent output of finished lubricant without taxation,

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

R\$ 36,005, (f) delinquency notice on interstate sales of fuel for industrial customer without ICMS, following the interpretation of Article 2 of LC 87/96, R\$ 6,221, (g) records of notices issued in Ourinhos / SP for the operations to return the loan of ethanol made with tax deferral, R\$ 19,077, (h) assessments in the State of Rio de Janeiro demanding the reversal of ICMS credits generated in interstate shipments made under Article 33 of the ICMS Convention 66/88, which allowed the maintenance of credit and was suspended by a preliminary injunction granted by STF, R\$ 14,748, (i) disallowance of ICMS credits taken in the bookkeeping of bills considered inapt, though the understanding of the STJ is in the sense that it is possible to take credit for the buyer even if there is defect in the document of the seller, provided that the remains confirmed that the transaction actually took place, R\$15,524, (j) records of notices issued on the grounds of alleged improper calculation of the base of ICMS, since it was not included in the database to calculate the value of the tax itself in interstate operations with petroleum products for final consumers, R\$ 11,521, (k) requiring the reversal of ICMS credits on the freight contract to transport fuel, due to the fact that the operation is not taxed as constitutional non-impact, for R\$ 11,893 and (l) assessments arising from surplus or shortage of stock, occurred due to differences in temperature or handling the product in which the review believes that there is input or output without a corresponding issue of invoice, R\$ 10,488.

In addition, the subsidiary IPP has infraction of the non-approval of set-off of IPI credits appropriate under inputs taxed whose outputs were under the protection of immunity. The non-provisioned amount of contingency, updated as of June 30, 2010, is R\$ 55,339 (R\$ 54,780 as of March 31, 2010). The subsidiary also has legal lawsuits to guarantee the compensation of overpaid PIS values before the declaration of unconstitutionality of Decrees 2445/88 and 2449/88, and decided to include part of these cases within the Law 11941/09 amnesty, recording the corresponding amount of R\$ 29,670 as taxes payable. The non-provisioned amount for the others cases updated as of June 30, 2010 is R\$ 49,760 (R\$ 50,464 as of March 31, 2010).

In 1990, the Union of Workers in Petrochemical Plants, of which the employees of the subsidiaries Oxiteno Nordeste and EMCA are members, filed an action against the subsidiaries to enforce adjustments established under a collective labor agreement, in lieu of the salary policies actually implemented. At the same time, the Employers' Association proposed a collective bargaining for interpretation and clarification of Clause Four of the agreement. Based on the opinion of its legal counsel, who reviewed the latest decision of STF in the collective bargaining and the position of the individual action of the subsidiary Oxiteno Nordeste, management of the subsidiaries did not deem it necessary to record a provision as of June 30, 2010.

Subsidiary Cia. Ultragaz is facing an administrative case pending before the CADE, for alleged anticompetitive practice in cities in the Triângulo Mineiro region in 2001. Recently, the CADE entered a decision against Cia. Ultragaz imposing a penalty of R\$ 23,104. This administrative decision had its execution suspended under court order and the merits are being discussed in court. Based on the above elements and on the opinion of its legal counsel, the subsidiary's management did not record a provision to this contingency.

Subsidiary Cia. Ultragaz is the defendant in legal proceedings for damages arising from an explosion in 1996 in a shopping mall located in the City of Osasco, State of São Paulo. Such proceedings involve: (i) individual proceedings brought by victims of the explosion seeking





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

compensation for loss of income and pain and suffering (ii) request for compensation for expenses of the shopping mall administrator and its insurer; and (iii) class action seeking economic and non-economic damages for all victims injured and dead. The subsidiary believes that it produced evidence that the defective gas pipelines in the shopping mall caused the accident, and Ultragas's local LPG storage facilities did not contribute to the explosion. Out of the 64 actions decided to date, 63 were favorable, of which 29 are already shelved; only 1 was adverse and the subsidiary was sentenced to pay R\$ 17. There is only 1 action yet to be decided. The subsidiary has insurance coverage for these legal proceedings, and the value not insured is R\$ 19,554. The Company did not record any provision for this value because it considers the chances of realization of this contingency as essentially remote.

The Company and its subsidiaries have provisions for settlement of terms of contracts with customers and ex-service providers, as well as environmental issues, in the amount of R\$ 86,781 as of June 30, 2010 (R\$ 86,355 as of March 31, 2010) and also a provision of R\$ 17,602 as of June 30, 2010 (R\$ 18,098 as of March 31, 2010) to meet the contingencies of labor litigation.

The Company and its subsidiaries have other pending administrative and legal proceedings, which were estimated by their legal counsel as possible and/or remote risk (less-likely-than-50%), and the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries also have litigations for recovery of taxes and contributions, which were not recorded in the interim financial statements due to their contingent nature.

Movements in provisions are as follows:

| Provisions       | Balance<br>as of Mar.<br>31, 2010 | Additions     | Write-offs       | Adjustments  | Balance<br>as of Jun.<br>30, 2010 |
|------------------|-----------------------------------|---------------|------------------|--------------|-----------------------------------|
| IRPJ and CSLL    | 167,351                           | 13,382        | (190 )           | 2,420        | 182,963                           |
| PIS and COFINS   | 71,341                            | 2,082         | -                | 1,071        | 74,494                            |
| ICMS             | 193,561                           | 17,328        | (52,489 )        | 894          | 159,294                           |
| INSS             | 7,301                             | -             | (45 )            | 172          | 7,428                             |
| Civil litigation | 86,355                            | -             | (284 )           | 710          | 86,781                            |
| Labor litigation | 18,098                            | -             | (805 )           | 309          | 17,602                            |
| Others           | 4,857                             | -             | (2,481 )         | 29           | 2,405                             |
| <b>Total</b>     | <b>548,864</b>                    | <b>32,792</b> | <b>(56,294 )</b> | <b>5,605</b> | <b>530,967</b>                    |

The Company and its subsidiaries decided to include within the amnesty introduced by Law 11941/09 some of their debts before the Federal Revenue Service, General Attorney of the National Treasury and Social Security with the benefits of reduction of fines, interest and legal charges set in this Law, and recorded in its interim financial information for March 31, 2010 an expense of R\$ 15,264, net of taxes.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Contracts

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

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

If the annual movement is less than the minimum required, then the subsidiary will have to pay the difference between the actual movement and the minimum required by the agreements, using the port rates in effect at the date established for payment. As of June 30, 2010, such charges were R\$ 5.79 and R\$ 1.38 per ton for Aratu and Suape, respectively. The subsidiary has met the minimum cargo movement requirements since the beginning of the agreements.

Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. setting a minimum value for quarterly consumption of ethylene and establishing conditions for the supply of ethylene until 2021. The minimum purchase commitment and the actual demand accumulated to June 30, 2010 and June 30, 2009, expressed in tons of ethylene, are shown below. In case of breach of the minimum purchase commitment, the subsidiary agrees to pay a penalty of 40% of the current ethylene price, to the extent of the shortfall. The provision of minimum purchase commitment is under renegotiation with Braskem, including the minimum purchase commitment related to 2009.

|                     | Minimum purchase commitment (accumulated first semester) |            | Accumulated demand First semester (actual) |        |
|---------------------|--|------------|--|--------|
|                     | 2010   | 2009       | 2010                                       | 2009   |
| In tons of ethylene | 87,921   | (*) 94,219 | 94,411                                     | 72,543 |

(\*) Adjusted for the maintenance stoppage carried out by Braskem in the period.

In August 2008, the subsidiary Oxiteno S.A signed an Ethylene Supply Agreement with Quattor Química S.A., maturing in 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 19,800 tons of ethylene semiannually. In case of breach, the subsidiary agrees to pay a penalty of 30% of the current ethylene price, to the extent of the shortfall.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

c. Insurance coverage in subsidiaries

The Company maintains appropriate insurance policies to cover several risks to which it is exposed, including asset insurance against losses caused by fire, lightning, explosion of any kind, gale, aircraft crash, and electric damage, and other risks, covering the bases and other branches of all subsidiaries, except RPR, which maintains its own insurance. The maximum compensation value, including loss of profits, based on the risk analysis of maximum loss possible at a certain site is US\$ 1,050 million.

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

Group Life and Personal Accident, Health, National and International Transportation and All Risks insurance policies are also maintained.

The coverages and limits of the insurance policies maintained are based on a careful study of risks and losses conducted by local insurance advisors, and the type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies. The risk assumptions adopted, given their nature, are not part of the scope of a review on interim financial information, and consequently haven't been reviewed by our independent accountants.

d. Operating lease contracts

The subsidiaries IPP and Serma have operating lease contracts for the use of IT equipment.

These contracts have terms of 36 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option.

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 06/30/2010 | 03/31/2010 |
|------------------|------------|------------|
| Up to 1 year     | 752        | 554        |
| More than 1 year | 776        | 553        |
|                  | 1,528      | 1,107      |

The total payments of operating lease recognized as expense for the quarter was R\$ 171 (R\$ 127 as of June 30, 2009).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

25 Employee benefits and private pension plan (Consolidated)

a. ULTRAPREV- Associação de Previdência Complementar

The Company and its subsidiaries offer a defined-contribution pension plan to its employees, which is managed by Ultraprev - Associação de Previdência Complementar. Under the plan, the basic contribution of each participating employee is calculated by multiplying a percentage ranging from 0% to 11%, which is annually defined by the participant based on his/her salary. The sponsor companies match the amount of the basic contribution paid by the participant. As the participants retire, they choose to receive monthly either: (i) a percentage, ranging from 0.5% to 1.0%, of the fund accumulated for the participant with Ultraprev; or (ii) a fixed monthly amount that will exhaust the fund accumulated for the participant within a period ranging from 5 to 25 years. Thus, the Company and its subsidiaries do not assume responsibility for guaranteeing amounts and periods of pension benefits. As of June 30, 2010, the Company and its subsidiaries contributed R\$ 6,414 (R\$ 5,107 as of June 30, 2009) to Ultraprev, which amount is recorded as expense in the income statement for the year. The total number of employees participating in the plan as of June 30, 2010 was 7,189 active participants and 45 retired participants. In addition, Ultraprev had 30 former employees receiving benefits under the previous plan whose reserves are fully constituted.

b. Post-employment benefits

Ipiranga and RPR recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Severance Pay Fund, and health and life insurance plan for eligible retirees.

The net liabilities for such benefits recorded as of June 30, 2010 are R\$ 102,040 (R\$ 102,040 as of March 31, 2010), of which R\$ 11,955 (R\$ 11,955 as of March 31, 2010) are recorded as current liabilities and R\$ 90,085 (R\$ 90,085 as of March 31, 2010) as long-term liabilities.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary and are recorded in the interim financial statements in accordance with Resolution CVM 371/2000.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 26 Expenses by nature

The Company opted for disclosing its consolidated income statement by function and is presenting below its breakdown by nature:

|   | 06/30/2010        | 06/30/2009        |
|---|-------------------|-------------------|
| Raw materials and materials for use and consumption | 18,434,090        | 14,486,282        |
| Freight and storage                                 | 300,712           | 246,269           |
| Depreciation and amortization                       | 263,792           | 241,555           |
| Personnel expenses                                  | 516,060           | 460,740           |
| Advertising and marketing                           | 63,194            | 54,286            |
| Services provided by third parties                  | 58,237            | 54,808            |
| Lease of real property and equipment                | 28,254            | 29,398            |
| Other expenses                                      | 78,380            | 74,411            |
| <b>Total</b>  | <b>19,742,719</b> | <b>15,647,749</b> |
| Classified as:                                      |                   |                   |
| Cost of products and services sold                  | 18,812,184        | 14,840,649        |
| General and administrative                          | 363,473           | 347,461           |
| Selling and marketing                               | 567,062           | 459,639           |
| <b>Total</b>  | <b>19,742,719</b> | <b>15,647,749</b> |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 27 Earnings per share

The table below presents a reconciliation of numerators and denominators used in the computing earnings per share. As mentioned in Note 9.c), the Company has a share compensation plan. The impact of this share compensation plan on earnings per share was minimal for all the periods presented and consequently, the Company has not been presenting a separate calculation of diluted earnings per share.

|  | 06/30/2010 | 06/30/2009 |
|--|------------|------------|
| Net income attributable to shareholders of the Company | 315,560    | 179,138    |
| Weighted average shares outstanding (in thousands)     | 133,951    | 133,888    |
| Basic and diluted earnings per share – whole R\$       | 2.36       | 1.34       |

## 28 Other comprehensive income

Other comprehensive income comprises movements recognized directly in shareholders' equity, such as the valuation adjustment and the cumulative translation adjustments, which, if recognized in income statement, would affect the net income.

|   | 06/30//2010 | 06/30/2009 |
|---|-------------|------------|
| Net income attributable to shareholders of the Company                              | 315.560     | 179.138    |
| Net income attributable of non-controlling interest in subsidiaries                 | (1.910 )    | 2.708      |
| Net income under New BR GAAP  | 313.650     | 181.846    |
| Valuation adjustment (see Note 19.g)  | 225         | 1.781      |
| Cumulative translation adjustments (see Note 19.h)                                  | (14.406 )   | (7.731 )   |
| Total comprehensive income  | 299.469     | 175.896    |
| Total comprehensive income attributable to shareholders of the Company              | 301.379     | 173.188    |
| Total comprehensive income attributable of non-controlling interest in subsidiaries | (1.910 )    | 2.708      |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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Other information – Market announcement

On July 1, 2010, the Company announced that it had concluded the sale of Ultracargo's in-house logistics, solid bulk storage and road transportation businesses with the transfer of the 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 by Ultracargo, in addition to the R\$ 8 million deposit received upon the announcement of the transaction on March 31, 2010. This transaction allows Ultracargo Participações to focus exclusively on its liquid bulk storage business, segment in which it has a leadership position and which already represented approximately 85% of the results after the recent acquisitions of União Terminais and Puma and investments in capacity expansions at the Aratu, Santos and Suape terminals.

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## OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council as of June 30, 2010 (number of shares)

|                                 | Jun-30-10  |           |            |
|---------------------------------|------------|-----------|------------|
|                                 | Common     | Preferred | Total      |
| Controlling Shareholders        | 33,748,057 | 40,271    | 33,788,328 |
| Board of Directors <sup>1</sup> | 46         | 42,007    | 42,053     |
| Officers <sup>2</sup>           | -          | 280,775   | 280,775    |
| Fiscal Council                  | -          | 1,100     | 1,100      |

Note:<sup>1</sup>Shares owned by members of the Board of Directors which were not included in Controlling Shareholders' position. Should the member not be part of the controlling group, only its direct ownership is included.

<sup>2</sup>Shares owned by Officers which were not included in Controlling Shareholders' position

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council (number of shares)

|                                 | Jun-30-10  |           |            | Jun-30-09  |           |            |
|---------------------------------|------------|-----------|------------|------------|-----------|------------|
|                                 | Common     | Preferred | Total      | Common     | Preferred | Total      |
| Controlling Shareholders        | 33,748,057 | 40,271    | 33,788,328 | 33,748,057 | 294,732   | 34,042,789 |
| Board of Directors <sup>1</sup> | 46         | 42,007    | 42,053     | 46         | 7         | 53         |
| Officers <sup>2</sup>           | -          | 280,775   | 280,775    | -          | 251,073   | 251,073    |
| Fiscal Council                  | -          | 1,100     | 1,100      | -          | 1,071     | 1,071      |

Note:<sup>1</sup>Shares owned by member of the Board of Directors which were not included in Controlling Shareholders' position

<sup>2</sup>Shares owned by Officers which were not included in Controlling Shareholders' position

Total free float and its percentage of total shares as of June 30, 2010 (number of shares)

|  | Common     | Preferred  | Total       |
|--|------------|------------|-------------|
| Total Shares                                   | 49,429,897 | 86,666,102 | 136,095,999 |
| ( - ) Shares held in treasury                  | 6,617      | 2,138,772  | 2,145,389   |
| ( - ) Shares owned by Controlling Shareholders | 33,748,057 | 40,271     | 33,788,328  |
| ( - ) Shares owned by Management               | 46         | 322,782    | 322,828     |
| ( - ) Shares owned by affiliates*              | -          | 172,700    | 172,700     |
| Free-float                                     | 15,675,177 | 83,991,577 | 99,666,754  |
| % Free-float / Total Shares                    | 31.71      | % 96.91    | % 73.23     |

\*Subsidiaries

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The Company's shareholders that hold more than 5% of voting or non-voting capital, up to the individual level, and breakdown of their shareholdings as of June 30, 2010 (number of shares)

| ULTRAPAR PARTICIPAÇÕES S.A.   |                   |               |                     |               |                      |               |            |  |  |
|---|-------------------|---------------|---------------------|---------------|----------------------|---------------|------------|--|--|
|   | Common            | %             | Preferred           | %             | Total                | %             |            |  |  |
| Ultra S.A. Participações  | 32,646,694        | 66.05         | % 12                | 0.00          | % 32,646,706         | 23.99         | % %        |  |  |
| Aberdeen Asset Management PLC <sup>1</sup>                            | -                 | -             | 11,942,785          | 13.78         | % 11,942,785         | 8.78          | % %        |  |  |
| Parth Investments Company <sup>2</sup>                                | 9,311,730         | 18.84         | % 1,396,759         | 1.61          | % 10,708,489         | 7.87          | % %        |  |  |
| Caixa de Previdência dos Funcionários do Banco do Brasil <sup>3</sup> | -                 | -             | 8,200,724           | 9.46          | % 8,200,724          | 6.03          | % %        |  |  |
| Monteiro Aranha S.A. <sup>4</sup>                                     | 5,212,637         | 10.55         | % 1,004,768         | 1.16          | % 6,217,405          | 4.57          | % %        |  |  |
| Dodge & Cox, Inc. <sup>5</sup>  | -                 | -             | 6,067,632           | 7.00          | % 6,067,632          | 4.46          | % %        |  |  |
| Genesis Asset Managers LLP <sup>1</sup>                               | -                 | -             | 4,341,794           | 5.01          | % 4,341,794          | 3.19          | % %        |  |  |
| Shares held in treasury   | 6,617             | 0.01          | % 2,138,772         | 2.47          | % 2,145,389          | 1.58          | % %        |  |  |
| Others  | 2,252,219         | 4.56          | % 51,572,856        | 59.51         | % 53,825,075         | 39.55         | % %        |  |  |
| <b>TOTAL</b>  | <b>49,429,897</b> | <b>100.00</b> | <b>% 86,666,102</b> | <b>100.00</b> | <b>% 136,095,999</b> | <b>100.00</b> | <b>% %</b> |  |  |

1 Fund managers headquartered in England (according to relevant shareholder position notice disclosed by the respective funds)

2 Company headquartered outside of Brazil, ownership information is not available

3 Pension fund of employees of Banco do Brasil headquartered in Brazil

4 Brazilian public listed company, ownership information is publicly available

5 Fund manager headquartered in the United States

| ULTRA S.A. PARTICIPAÇÕES      |                   |               |                     |               |                     |               |            |  |  |
|-------------------------------|-------------------|---------------|---------------------|---------------|---------------------|---------------|------------|--|--|
|                               | Common            | %             | Preferred           | %             | Total               | %             |            |  |  |
| Fábio Igel                    | 12,065,160        | 19.09         | % 4,954,685         | 19.55         | % 17,019,845        | 19.22         | % %        |  |  |
| Ana Maria Villela Igel        | 2,570,136         | 4.07          | % 9,208,690         | 36.34         | % 11,778,826        | 13.30         | % %        |  |  |
| Christy Participações Ltda.   | 6,425,199         | 10.17         | % 4,990,444         | 19.69         | % 11,415,643        | 12.89         | % %        |  |  |
| Paulo Guilherme Aguiar Cunha  | 10,654,109        | 16.86         | % -                 | -             | 10,654,109          | 12.03         | % %        |  |  |
| Márcia Igel Joppert           | 7,084,323         | 11.21         | % 2,062,988         | 8.14          | % 9,147,311         | 10.33         | % %        |  |  |
| Rogério Igel                  | 7,311,004         | 11.57         | % 1,615,027         | 6.37          | % 8,926,031         | 10.08         | % %        |  |  |
| Joyce Igel de Castro Andrade  | 6,398,967         | 10.12         | % 2,062,989         | 8.14          | % 8,461,956         | 9.56          | % %        |  |  |
| Lucio de Castro Andrade Filho | 3,775,470         | 5.97          | % -                 | -             | 3,775,470           | 4.26          | % %        |  |  |
| Others                        | 6,917,680         | 10.95         | % 448,063           | 1.77          | % 7,365,743         | 8.32          | % %        |  |  |
| <b>TOTAL</b>                  | <b>63,202,048</b> | <b>100.00</b> | <b>% 25,342,886</b> | <b>100.00</b> | <b>% 88,544,934</b> | <b>100.00</b> | <b>% %</b> |  |  |

Others: other individuals, none of them holding more than 5%

| CHRISTY PARTICIPAÇÕES LTDA.         |               |       |   |
|-------------------------------------|---------------|-------|---|
|                                     | Capital Stock | %     |   |
| Maria da Conceição Coutinho Beltrão | 3,066         | 34.90 | % |

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|                               |       |        |   |
|-------------------------------|-------|--------|---|
| Hélio Marcos Coutinho Beltrão | 1,906 | 21.70  | % |
| Cristiana Coutinho Beltrão    | 1,906 | 21.70  | % |
| Maria Coutinho Beltrão        | 1,906 | 21.70  | % |
| TOTAL                         | 8,784 | 100.00 | % |

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## Interest in the subsidiaries

| 1 - Item | 2 - Company name  | 3 - Corporate taxpayer number (CNPJ) | 4 - Classification                | 5 - % of ownership interest in investee | 6 - % of Investor's shareholdings' equity | 7 - Type of company              | 8 - Number of shares held in the current quarter (in thousands) |
|----------|---|--------------------------------------|-----------------------------------|---|---|----------------------------------|---|
| 1        | Ultracargo - Operações Logísticas e Participações Ltda. | 34.266.973/0001-99                   | Closely-held subsidiary           | 100%                                    | 13.28%                                    | Commercial, industrial and other | 9,324   |
| 2        | Transultra - Armazenagem Transportes Especiais Ltda.    | 60.959.889/0001-60                   | Investee of subsidiary/affiliated | 100%                                    | 1.48%                                     | Commercial, industrial and other | 34,999  |
| 3        | Petrolog Serviços e Armazéns Gerais Ltda.               | 05.850.071/0001-05                   | Investee of subsidiary/affiliated | 100%                                    | 0.44%                                     | Commercial, industrial and other | 969   |
| 4        | AGT - Armazéns Gerais e Transportes Ltda.               | 11.404.873/0001-86                   | Investee of subsidiary/affiliated | 100%                                    | 0.50%                                     | Commercial, industrial and other | 27,168  |
| 5        | Terminal Químico de Aratu S.A.                          | 14.688.220/0001-64                   | Investee of subsidiary/affiliated | 99%                                     | 14.49%                                    | Commercial, industrial and other | 63,372  |
| 6        | União/Vopak Armazéns Gerais Ltda.                       | 77.632.644/0001-27                   | Investee of subsidiary/affiliated | 50%                                     | 0.11%                                     | Commercial, industrial and other | 30  |
| 7        | Ultracargo Argentina S.A.                               | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 1.47%                                     | Commercial, industrial and other | 507   |
| 8        | Oxiteno S.A. Indústria e Comércio                       | 62.545.686/0001-53                   | Closely-held subsidiary           | 100%                                    | 34.60%                                    | Commercial, industrial and other | 35,102  |
| 9        | Oxiteno Nordeste S.A. Indústria e Comércio              | 14.109.664/0001-06                   | Investee of subsidiary/affiliated | 100%                                    | 15.31%                                    | Commercial, industrial and other | 8,505   |
| 10       | Oxiteno Argentina Sociedad de Responsabilidad Ltda.     | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.00%                                     | Commercial, industrial and other | 117   |
| 11       | Oleoquímica Ind e Com de Prod Quím Ltda.                | 07.080.388/0001-27                   | Investee of subsidiary/affiliated | 100%                                    | 10.55%                                    | Commercial, industrial and other | 590,815   |
| 12       | Barrington S.L.   | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.92%                                     | Commercial, industrial and other | 554   |
| 13       | Oxiteno Mexico S.A. de CV                               | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.54%                                     | Commercial, industrial           | 122,048   |

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|    |  |                    |                                   |      |        |                                  |             |
|----|--|--------------------|-----------------------------------|------|--------|----------------------------------|-------------|
|    |  |                    |                                   |      |        | and other                        |             |
| 14 | Oxiteno Andina, C.A .                                      | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.49%  | Commercial, industrial and other | 12,076      |
| 15 | Oxiteno Europe SPRL  | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.02%  | Commercial, industrial and other | 1           |
| 16 | U. A. T. E. S. P. E. Empreendimentos e Participações Ltda. | 09.364.319/0001-70 | Investee of subsidiary/affiliated | 100% | 0.42%  | Commercial, industrial and other | 18,220      |
| 17 | Empresa Carioca de Produtos Químicos S.A.                  | 33.346.586/0001-08 | Investee of subsidiary/affiliated | 100% | 0.41%  | Commercial, industrial and other | 199,323     |
| 18 | Ipiranga Produtos de Petróleo S.A.                         | 33.337.122/0001-27 | Closely-held subsidiary           | 100% | 46.00% | Commercial, industrial and other | 224,467,228 |
| 19 | Centro de Conveniencias Millennium Ltda.                   | 03.546.544/0001-41 | Investee of subsidiary/affiliated | 100% | 0.04%  | Commercial, industrial and other | 1,171       |
| 20 | Conveniências Ipiranga Norte Ltda.                         | 05.378.404/0001-37 | Investee of subsidiary/affiliated | 100% | 0.07%  | Commercial, industrial and other | 164         |
| 21 | Ipiranga Trading Ltd.                                      | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.00%  | Commercial, industrial and other | 50          |
| 22 | Tropical Transportes Ipiranga Ltda.                        | 42.310.177/0001-34 | Investee of subsidiary/affiliated | 100% | 0.33%  | Commercial, industrial and other | 254         |
| 23 | Ipiranga Imobiliária Ltda.                                 | 07.319.798/0001-88 | Investee of subsidiary/affiliated | 100% | 1.20%  | Commercial, industrial and other | 55,746      |
| 24 | Ipiranga Logística Ltda.                                   | 08.017.542/0001-89 | Investee of subsidiary/affiliated | 100% | 0.01%  | Commercial, industrial and other | 510         |
| 25 | Maxfácil Participações S.A.                                | 08.077.294/0001-61 | Investee of subsidiary/affiliated | 50%  | 1.77%  | Commercial, industrial and other | 11          |
| 26 | Isa-Sul Administração e Participações Ltda.                | 89.548.606/0001-70 | Investee of subsidiary/affiliated | 100% | 0.20%  | Commercial, industrial and other | 3,515       |
| 27 | Imaven Imóveis Ltda.                                       | 61.604.112/0001-46 | Investee of subsidiary/affiliated | 100% | 4.02%  | Commercial, industrial and other | 116,179     |
| 28 | Companhia Ultragaz S.A.                                    | 61.602.199/0001-12 | Investee of subsidiary/affiliated | 99%  | 8.27%  | Commercial, industrial and other | 800,079     |
| 29 | Bahiana Distribuidora de Gás Ltda.                         | 46.395.687/0001-02 | Investee of subsidiary/affiliated | 100% | 3.94%  | Commercial, industrial and other | 24          |
| 30 | Utingás Armazenadora S.A.                                  | 61.916.920/0001-49 | Investee of subsidiary/affiliated | 56%  | 0.29%  | Commercial, industrial           | 3,074       |

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|    |   |                    |                                   |      |       |   |        |
|----|---|--------------------|-----------------------------------|------|-------|---|--------|
| 31 | LPG International INC.                                    | OFF-SHORE          | Investee of subsidiary/affiliated | 100% | 0.18% | and other<br>Commercial, industrial and other | 1      |
| 32 | am/pm Comestíveis Ltda.                                   | 40.299.810/0001-05 | Investee of subsidiary/affiliated | 100% | 0.59% | Commercial, industrial and other              | 13,497 |
| 33 | S.A. de Óleo Galena-Signal                                | 61.429.387/0001-90 | Investee of subsidiary/affiliated | 100% | 0.05% | Commercial, industrial and other              | 100    |
| 34 | Oil Trading Importadora e Exportadora Ltda.               | 11.454.455/0001-01 | Investee of subsidiary/affiliated | 100% | 0.79% | Commercial, industrial and other              | 40,000 |
| 35 | Refinaria de Petróleo Riogranadense S.A.                  | 94.845.674/0001-30 | Closely-held subsidiary           | 33%  | 0.14% | Commercial, industrial and other              | 5,079  |
| 36 | Serma Assoc.Usuarios Equip. Proc. Dados e Serv.Correlatos | 61.601.951/0001-00 | Closely-held subsidiary           | 100% | 0.00% | Commercial, industrial and other              | 8,059  |



## ULTRAPAR PARTICIPAÇÕES S.A.

## MD&amp;A - ANALYSIS OF CONSOLIDATED EARNINGS

Second Quarter 2010

## (1) Key Indicators - Consolidated:

| (R\$ million)  | 2Q10      | 2Q09      | 1Q10      | Change<br>2Q10 X<br>2Q09 | Change<br>2Q10 x<br>1Q10 | 1H10       | 1H09       | Change<br>1H10 X<br>1H09 |
|--|-----------|-----------|-----------|--------------------------|--------------------------|------------|------------|--------------------------|
| Net sales and services                               | 10,382.6  | 9,619.7   | 9,933.4   | 8%                       | 5%                       | 20,316.0   | 16,029.1   | 27%                      |
| Cost of sales and services                           | (9,573.7) | (8,932.0) | (9,238.5) | 7%                       | 4%                       | (18,812.2) | (14,840.6) | 27%                      |
| Gross Profit   | 808.9     | 687.7     | 694.9     | 18%                      | 16%                      | 1,503.8    | 1,188.4    | 27%                      |
| Selling, general and administrative expenses         | (474.6)   | (479.0)   | (455.9)   | -1%                      | 4%                       | (930.5)    | (807.1)    | 15%                      |
| Other operating income (expense), net                | 2.0       | 1.3       | 7.1       | 58%                      | -72%                     | 9.1        | 6.5        | 39%                      |
| Income on disposal of assets                         | (2.2)     | 6.8       | 0.4       | -132%                    | -650%                    | (1.8)      | 9.5        | -119%                    |
| Income from operations before financial items        | 334.2     | 216.7     | 246.4     | 54%                      | 36%                      | 580.6      | 397.4      | 46%                      |
| Financial (expense) income, net                      | (65.8)    | (90.7)    | (73.3)    | -27%                     | -10%                     | (139.0)    | (148.5)    | -6%                      |
| Equity in subsidiaries and affiliated companies      | (0.2)     | 0.1       | 0.0       | -217%                    | -752%                    | (0.1)      | 0.0        | -454%                    |
| Income before taxes and social contribution          | 268.2     | 126.1     | 173.2     | 113%                     | 55%                      | 441.5      | 249.0      | 77%                      |
| Income and social contribution taxes                 | (85.1)    | (40.3)    | (58.3)    | 111%                     | 46%                      | (143.4)    | (76.9)     | 87%                      |
| Benefit of tax holidays                              | 8.5       | 2.8       | 7.1       | 199%                     | 19%                      | 15.6       | 9.8        | 60%                      |
| Net income for the year                              | 191.6     | 88.7      | 122.0     | 116%                     | 57%                      | 313.6      | 181.8      | 72%                      |
| Net income attributable to Ultrapar                  | 190.3     | 87.3      | 125.2     | 118%                     | 52%                      | 315.6      | 179.1      | 76%                      |
| Net income attributable to non-controlling interests | 1.3       | 1.4       | 3.2       | -195%                    | -60%                     | (1.9)      | 2.7        | -171%                    |
| EBITDA   | 467.0     | 344.4     | 379.1     | 36%                      | 23%                      | 846.2      | 629.4      | 34%                      |
| Volume – LPG sales – thousand tons                   | 406.9     | 400.7     | 370.6     | 2%                       | 10%                      | 777.6      | 764.6      | 2%                       |
| Volume – Fuels sales – thousand of cubic meters      | 4,984.5   | 4,635.4   | 4,596.8   | 8%                       | 8%                       | 9,584.9    | 7,405.4    | 29%                      |
| Volume – Chemicals sales –                           | 175.5     | 160.0     | 163.8     | 10%                      | 7%                       | 339.3      | 283.6      | 20%                      |

thousand tons

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Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

Ultrapar's financial statements for the year ended December 31st, 2009 were prepared in accordance with the accounting directives set out in the Brazilian Corporate Law, being adopted the alterations introduced by Laws 11,638/07 and 11,941/09 (former Provisional Measure 449/08), as well as the CVM standards, instructions and guidelines, which regulate them. In connection with the process of converging the accounting practices adopted in Brazil to the international financial reporting standards (IFRS), several guidelines, interpretations, and orientations were issued during 2009 and 2010 establishing a new accounting standard in Brazil ("New BR GAAP"). Ultrapar decided to adopt the New BR GAAP in its interim financial statements for the nine-month period ended September 30th, 2010 and information for 2009 contained therein. The interim financial statements for June 30th, 2010 and March 31st, 2010, as well as the information for 2009, were restated and presented in accordance with the New BR GAAP, as described in Note 3 to the interim financial statements for September 30th, 2010.

For an understanding the effects of the adoption of the new legislation, we released financial spreadsheets on CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)) as well as on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)) demonstrating the impacts of the accounting changes introduced by the New BR GAAP on the main line items of the quarterly financial statements for 2009 and 2010, year ended December 31st, 2009, and nine-month period ended September 30th, 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 New BR GAAP is available in notes 2 and 3 of the interim financial statements for September 30th, 2010.

The financial information of Ultragaz, Ipiranga, Oxiteno, and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of 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 of 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 closing of the transaction 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 concluded the sale of Ultracargo's in-house logistics, solid bulk storage and road transportation businesses, with the transfer of the 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 the announcement of the transaction on March 31st, 2010. Consequently, the financial statements of Ultrapar and Ultracargo from 3Q10 onwards include only the results of the liquid bulk storage business.

## (2) Performance Analysis:

**Net Sales and Services:** Ultrapar's consolidated net sales and services amounted to R\$ 10,383 million in 2Q10, up 8% over 2Q09, as a consequence of the growth in sales in Ipiranga, Ultragaz and Oxiteno. Compared with 1Q10, Ultrapar's net sales and services increased by 5% due to seasonality between the periods. In the first half of 2010, Ultrapar's net sales and services amounted to R\$ 20,316 million, up 27% compared with the first half of 2009, mainly as a consequence of the consolidation of Texaco's net sales and services from 2Q09 onwards.

**Ultragaz:** In 2Q10, Ultragaz's sales volume amounted to 407 thousand tons, up 2% over 2Q09. In the bottled segment, Ultragaz sales volume remained stable compared with 2Q09. In the bulk segment, sales volume grew 4% due to the higher level of economic activity and a recovery in the industrial activity. Compared with 1Q10, Ultragaz's sales volume increased by 10%, as a result of seasonality between periods. For the first half of 2010, Ultragaz's sales volume totals 778 thousand tons in sales volume, 2% growth compared with 1H09. Ultragaz's net sales and services amounted to R\$ 922 million in 2Q10, up 7% over 2Q09, as a result of higher sales volume, an increase in the cost of LPG used in the bulk segment from January 2010 onwards and commercial initiatives and operational efficiency programs implemented. Compared with 1Q10, net sales and services increased by 10%, in line with the sales volume progression. For 1H10, Ultragaz's net sales and services totaled R\$ 1,764 million, up 8% from 1H09.

**Ipiranga:** Ipiranga's sales volume totaled 4,984 thousand cubic meters in 2Q10, 8% higher than that in 2Q09. Sales volume of fuels for light vehicles grew by 4%, mainly as a consequence of the increase in the light vehicle fleet during the last 12 months. Diesel volume grew by 11% due to the higher level of economic activity in 2Q10. Compared with 1Q10, sales volume increased by 8% as a result of seasonality between quarters. In 1H10, Ipiranga's sales volume totals 9,581 thousand cubic meters, up 29% over 1H09, mainly due to the consolidation of Texaco's volume from 2Q09 onwards. Ipiranga's net sales and services amounted to R\$ 8,843 million in 2Q10, up 8% over 2Q09, in line with sales volume variation. Compared with 1Q10, Ipiranga's net sales and services revenues grew by 3% as a consequence of the increase in sales volume, partially offset by the lower average price derived from (i) a decrease in the share of gasoline in the product mix in 2Q10 and (ii) the reduction in ethanol cost in 2Q10, due to the increased availability of the product compared with 1Q10. In 1H10, Ipiranga's net sales and services amounted to R\$ 17,408 million, a 31% increase compared with 1H09, mainly as a consequence of the consolidation of Texaco's net sales and services from 2Q09 onwards.

**Oxiteno:** Oxiteno's sales volume totaled 176 thousand tons, up 10% (16 thousand tons) over 2Q09, highlighting the 15% increase in sales volume of specialty chemicals, on the back of higher level of economic activity compared with 2Q09 and enabled by the expansions in the production capacity. In the Brazilian market, sales volume increased by 18% (19 thousand tons), with positive progression in all markets, notably in specialty chemicals sold to the cosmetics, agrochemicals and coatings industries. Sales volume outside Brazil decreased by 7% (4 thousand tons) due to higher spot sales of glycols in 2Q09. Compared with 1Q10, sales volume increased by 7% (12 thousand tons) as a result of seasonality between quarters. Oxiteno's sales volume for 1H10 totals 339 thousand tons, up 20% over 1H09. Oxiteno's net sales and services totaled R\$ 549 million in 2Q10, up 17% over 2Q09, despite the 14% stronger Real, as a consequence of the recovery in average dollar prices and a 10% growth in sales volume. Compared with 1Q10, Oxiteno's net sales and services increased by 16%, as a consequence of the recovery in average dollar prices and the seasonally higher volume. Net sales and services in 1H10 totaled R\$ 1,021 million, up 10% from 1H09.

**Ultracargo:** In 2Q10, Ultracargo reported a 14% increase in average effective storage compared with 2Q09, due to the consolidation of the terminal acquired in Suape in December 2009 and higher volume of operations in Aratu terminal, on the back of the capacity expansion completed, partially offset by a reduction in the handling of ethanol. In the transportation segment, total kilometrage travelled in 2Q10 declined by 13% compared with 2Q09, especially due to Ultracargo's decision to reduce its presence in certain segments during 2009. Compared with 1Q10, Ultracargo's average effective storage was 4% higher and the total kilometrage travelled increased by 2%. In 1H10, Ultracargo

accumulates an 18% increase in the average effective storage of its terminals and a 16% decrease in the total kilometrage travelled. Ultracargo's net sales and services amounted to R\$ 86 million in 2Q10, down 2% from 2Q09, despite the 14% increase in average storage, due to a reduction in kilometrage travelled. Compared with 1Q10, Ultracargo's net sales and services grew by 5%, mainly due to the progression in average storage. For 1H10, Ultracargo's net sales and services totaled R\$ 169 million, in line with 1H09.

Cost of Good Sold: Ultrapar's cost of goods sold amounted to R\$ 9,574 million in 2Q10, up 7% from 2Q09, as a result of the higher volume of operations in all the businesses. Compared with 1Q10, Ultrapar's cost of goods sold increased by 4%, especially due to seasonality between quarters. In the first half of 2010, Ultrapar's cost of goods sold amounted to R\$ 18,812 million, a 27% increase compared with the first half of 2009, mainly as a consequence of the consolidation of Texaco's cost of goods sold from 2Q09 onwards.

Ultragaz: Ultragaz's cost of goods sold amounted to R\$ 772 million in 2Q10, up 5% over 2Q09, as a consequence of a 6% increase in ex-refinery cost of LPG used in the bulk segment from January 2010 onwards and higher sales volume. Compared with 1Q10, the cost of products sold increased by 8%, mostly in line with the sales volume variation. For 1H10, Ultragaz's cost of goods sold totaled R\$ 1,487 million, 5% higher than that in 1H09.

Ipiranga: Ipiranga's cost of goods sold amounted to R\$ 8,363 million in 2Q10, up 7% over 2Q09, mainly as a result of the 8% growth in sales volume. Compared with 1Q10, the cost of goods sold grew by 3%, lower than the growth of 8% in the volume, as a consequence of (i) a decrease in the share of gasoline in the product mix in 2Q10 and (ii) the decrease in ethanol cost in 2Q10, due to the increased availability of the product compared with 1Q10. In 1H10, Ipiranga's cost of goods sold totaled R\$ 16,487 million, 31% higher than that reported in 1H09, mainly as a consequence of the consolidation of Texaco's cost of goods sold from 2Q09 onwards.

Oxitenó: Oxitenó's cost of goods sold in 2Q10 amounted to R\$ 428 million, up 9% over 2Q09, as a result of the 10% increase in sales volume and higher costs of raw material in dollars, partially offset by the 14% stronger Real. Compared with 1Q10, Oxitenó's cost of goods sold increased by 8%, in line with sales volume variation, while raw material prices in dollars and the exchange rate remained stable in the period. For 1H10, Oxitenó's cost of goods sold totaled R\$ 823 million, up 7% from 1H09.

Ultracargo: Ultracargo's cost of services provided amounted to R\$ 43 million in 2Q10, down 16% over 2Q09, mainly due to its reduced presence in the transportation segment and a R\$ 6 million reduction in depreciation resulting from the revision in the useful life of assets. Compared with 1Q10, Ultracargo's cost of services provided grew by 5%, due to the progression in the volume of operations. For 1H10, Ultracargo's cost of services provided totaled R\$ 84 million, down 16% from 1H09.

Gross profit: Ultrapar's gross profit amounted to R\$ 809 million in 2Q10, up 18% from 2Q09 as a consequence of the growth seen in all the businesses. Compared with 1Q10, Ultrapar's gross profit was up by 16%, as a consequence of seasonality in its businesses. In 1H10, Ultrapar's gross profit totalled R\$ 1,504 million, a 27% increase compared with 1H09.

Sales, General and Administrative Expenses: Sales, general and administrative expenses at Ultrapar reached R\$ 475 million in 2Q10, down 1% from 2Q09 and up 4% over 1Q10. In the first half of 2010, Ultrapar's sales, general and administrative expenses totaled R\$ 931 million, up 15% compared with the first half of 2009, basically as a consequence of the consolidation of Texaco's sales, general and administrative expenses from 2Q09 onwards.

Ultragaz: Ultragaz's sales, general and administrative expenses amounted to R\$ 94 million in 2Q10, up 14% over 2Q09 as a consequence of (i) an increase in personnel expenses, due to the effects of inflation and higher variable compensation, in line with the earnings progression, and (ii) an increase in expenses related to promotional and sales campaigns. Compared with 1Q10, sales, general and administrative expenses increased by 7%, due to the increase in sales volume in 2Q10, partially offset by higher expenses related to promotional and sales campaigns in 1Q10.

For 1H10, Ultragaz's sales, general and administrative expenses totaled R\$ 181 million, up 23% compared with 1H09.

Ipiranga: Ipiranga's sales, general and administrative expenses totaled R\$ 284 million in 2Q10, down 8% compared with 2Q09, despite the 8% increase in sales volume, due to the expenses related to the conversion of Texaco service stations, integration of acquired operations and the implementation of the operational and administrative synergy plan. Compared with 1Q10, sales, general and administrative expenses remained stable, despite the 8% increase in sales volume, due to higher expenses related to advertising and marketing in 1Q10. For 1H10, Ipiranga's sales, general and administrative expenses totaled R\$ 568 million, up 16% from 1H09, mainly due to the consolidation of Texaco's sales, general and administrative expenses from 2Q09 onwards.

Oxiteno: Oxiteno's sales, general and administrative expenses totaled R\$ 74 million in 2Q10, up 11% and 15% compared with 2Q09 and 1Q10 respectively, as a consequence of (i) higher freight expenses resulting from increased sales volume and (ii) higher variable compensation, in line with the strong earnings progression. For 1H10, sales, general and administrative expenses totaled R\$ 139 million, up 9% compared with 1H09.

Ultracargo: Ultracargo's sales, general and administrative expenses totaled R\$ 23 million in 2Q10, up 4% from 2Q09, despite the 14% growth in stored volume and the effects of inflation in the period, mainly as a result of the reduced presence in the transportation segment and operational synergies resulting from União Terminais' integration during 2009. Compared with 1Q10, Ultracargo's sales, general and administrative expenses increased by 16%, especially due to higher indemnification expenses related to the transportation segment in 2Q10. For 1H10, sales, general and administrative expenses totaled R\$ 42 million, down 5% compared with 1H09.

Income from Operations before Financial Items: Ultrapar's income from operations before financial items amounted to R\$ 334 million in 2Q10, up 54% from 2Q09 as a consequence of the increase in the income from operations before financial items of all the businesses. Compared with 1Q10, Ultrapar's income from operations before financial items was up by 36% due to the seasonality in its businesses. In 1H10, Ultrapar's income from operations before financial items totalled R\$ 581 million, a 46% increase compared with 1H09.

Depreciation and Amortization: Total depreciation and amortization costs and expenses in 2Q10 amounted to R\$ 131 million, down R\$ 4 million and R\$ 2 million from 2Q09 and 1Q10, respectively. In 1H10, Ultrapar's total depreciation costs and expenses amounted to R\$ 264 million, up R\$ 22 million from 1H09.

Financial result: Ultrapar reported net financial expense of R\$ 66 million in 2Q10, R\$ 25 million lower than that in 2Q09, mainly as a result of the reduction in the cost of debt and the lower average net debt. The net debt to last 12 months EBITDA ratio decreased from 2.0 times at the end of 2Q09, right after the disbursement for the acquisition of Texaco, to 1.4 times at the end of 2Q10. Compared with 1Q10, net financial expense was R\$ 7 million lower. In 1H10, Ultrapar reported net financial expense of R\$ 139 million, R\$ 9 million lower than that in 1H09.

Income and Social Contribution / Benefit of Tax Holidays: Ultrapar reported income tax and social contribution expenses, net of benefit of tax holidays of R\$ 77 million in 2Q10, compared with an expense of R\$ 37 million in 2Q09, especially due to the lower pre-tax profit. Compared with 1Q10, income tax and social contribution expenses, net of benefit of tax holidays was up 50%. In 1H10, income tax and social contribution expenses, net of benefit of tax holidays amounted to R\$ 128 million, 90% up from 1H09.

Net Earnings: Ultrapar's consolidated net earnings in 2Q10 amounted to R\$ 192 million, a growth of 116% and 57% over 2Q09 and 1Q10, respectively, mainly due to the EBITDA growth and lower financial expenses in 2Q10. In 1H10, Ultrapar reported net earnings of R\$ 314 million, a growth of 72% over 1H09.

EBITDA: Ultrapar's EBITDA amounted to R\$ 467 million in 2Q10, 36% and 23% growth over 2Q09 and 1Q10, respectively. In the first half of 2010, Ultrapar's EBITDA amounted to R\$ 846 million, up 34% compared with the first half of 2009 as a result of the EBITDA growth in all the businesses and the consolidation of Texaco's EBITDA from 2Q09 onwards.

Ultragaz: Ultragaz's EBITDA amounted to R\$ 83 million in 2Q10, up 13% over 2Q09, especially due to a recovery in margins, to which the operational efficiency programs implemented contributed, and an improvement in the bulk segment performance, partially offset by an increase in expenses related to promotional and sales campaigns and higher variable compensation. Compared with 1Q10, Ultragaz's EBITDA increased by 18%, mainly as a consequence of a seasonally higher volume. For 1H10, Ultragaz's EBITDA reached R\$ 154 million, up 22% from 1H09.

Ipiranga: Ipiranga's EBITDA amounted to R\$ 268 million in 2Q10, up 42% over 2Q09, mainly on the back of higher sales volume and the implementation of the operational and administrative synergy plan. Compared with



1Q10, Ipiranga's EBITDA increased by 18%, due to seasonal increase in volumes. For 1H10, Ipiranga's EBITDA reached R\$ 496 million, up 44% from 1H09.

Oxiteno: Oxiteno's EBITDA totaled R\$ 71 million in 2Q10, up 96% over 2Q09, despite the 14% stronger Real, as a consequence of the 10% increase in sales volume and the recovery in margins. Compared with 1Q10, Oxiteno's EBITDA increased by 86%, as a consequence of seasonally higher volume and the recovery in margins. Oxiteno's unit EBITDA reached US\$ 225/ton in 2Q10, up 107% and 75% over 2Q09 and 1Q10, respectively. For 1H10, Oxiteno's EBITDA reached R\$ 109 million, up 31% from 1H09.

Ultracargo: Ultracargo's EBITDA amounted to R\$ 28 million in 2Q10, a 1% increase over 2Q09, having the higher volume of operations in its terminals been partially offset by the lower kilometrage travelled in the transportation segment. In relation to 1Q10, the company's EBITDA decreased by 7%, mainly as a result of higher administrative expenses in 2Q10. For 1H10, Ultracargo's EBITDA reached R\$ 59 million, up 13% from 1H09.

EBITDA

| R\$ million | 2Q10  | 2Q09  | 1Q10  | Change         |                | 1H10  | 1H09  | Change         |                |
|-------------|-------|-------|-------|----------------|----------------|-------|-------|----------------|----------------|
|             |       |       |       | 2Q10 X<br>2Q09 | 2Q10 x<br>1Q10 |       |       | 1H10 x<br>1H09 | 1H10 x<br>1H09 |
| Ultrapar    | 467.0 | 344.4 | 379.1 | 36%            | 23%            | 846.2 | 629.4 | 34%            |                |
| Ultragaz    | 83.3  | 73.8  | 70.9  | 13%            | 18%            | 154.2 | 125.9 | 22%            |                |
| Ipiranga    | 268.3 | 189.3 | 227.6 | 42%            | 18%            | 496.0 | 343.3 | 44%            |                |
| Oxiteno     | 70.8  | 36.2  | 38.0  | 96%            | 86%            | 108.8 | 83.1  | 31%            |                |
| Ultracargo  | 28.4  | 28.0  | 30.4  | 1%             | -7%            | 58.8  | 52.0  | 13%            |                |

The purpose of including EBITDA information is to provide a measure for assessing our ability to generate cash from our operations. The EBITDA presented above was calculated based on the income before financial result, including depreciation and amortization and excluding income on disposal of assets. In managing our business we rely on EBITDA as a means for assessing our operating performance and a portion of our employee profit sharing plan is linked to EBITDA performance. Because EBITDA excludes income on disposal of assets, net financial income (expense), income tax, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of income on disposal of assets, depreciation and amortization. Accordingly, we believe that this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. We also calculate EBITDA in connection with covenants related to some of our financing. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. EBITDA is not a measure of financial performance under Brazilian GAAP. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation or capital expenditures and associated charges.

We hereby inform that, in accordance with the requirements of CVM Resolution 381/03, our independent auditors KPMG Auditores Independentes have not performed during these first six months of 2010 any service other than the external audit of the financial statements of Ultrapar and affiliated companies and subsidiaries.



Item 3

São Paulo, November 10th, 2010 - Ultrapar Participações S.A. (BMF&BOVESPA: UGPA4 / NYSE: UGP), a company engaged in fuel distribution (Ultragaz/Ipiranga), chemicals (Oxiteno) and storage for liquid bulk (Ultracargo), hereby reports its results for the third quarter of 2010.

Results conference call

Brazilian conference call / APIMEC  
November 12th, 2010  
09:30 a.m. (US EST)  
Place: Hotel Tivoli São Paulo –  
Mofarrej  
(Jardins room)  
São Paulo - SP  
Telephone for connection: +55 11  
2188 0155  
Code: Ultrapar

We report one more quarter of strong growth in our results, achieving record levels of EBITDA and net earnings. In October, we acquired the fuel distributor DNP, advancing in Ipiranga's expansion plan, started with the acquisition of Texaco.

Ø VOLUME GROWTH OVER 3Q09 IN ALL BUSINESS UNITS

Ø SEVENTEENTH QUARTER OF GROWTH IN ULTRAPAR'S EBITDA, REACHING R\$ 437 MILLION IN 3Q10, UP 18% OVER 3Q09

Ø ULTRAPAR REPORTS RECORD NET EARNINGS OF R\$ 211 MILLION, UP 58% OVER 3Q09

International conference call

November 12th, 2010  
12:00 p.m. (US EST)  
Participants in the USA: +1 800 418  
6854  
Participants in Brazil: 0800 891 9722  
Participants International: +1 973 200  
3114  
Code: Ultrapar or 18571880

Ø ULTRAPAR ANNOUNCES ACQUISITION OF DNP AND ACCELERATES EXPANSION IN THE NORTH OF BRAZIL

Ø ULTRACARGO CONCLUDES SALE OF ITS IN-HOUSE LOGISTICS, SOLID BULK STORAGE AND ROAD TRANSPORTATION BUSINESSES AND ANNOUNCES EXPANSION IN SANTOS

IR contact

E-mail: invest@ultra.com.br  
Telephone: + 55 11 3177 7014  
Website: www.ultra.com.br

“Our businesses continue to reap benefits from the economic growth and the larger scale of operations derived from the investments made, reporting the seventeenth consecutive quarter of positive evolution in EBITDA. We recently took one more step forward in Ipiranga's expansion plan towards the North, Northeast, and Midwest of Brazil with the acquisition of DNP, the fourth largest fuel distributor in Northern Brazil. This acquisition places Ipiranga in a better position to capture the accelerated regional growth and the additional benefits from the larger operating scale, reinforcing the strategy initiated with the acquisition of Texaco. Simultaneously, we closed the sale of our road transportation, solid bulk storage and in-house logistics businesses, focusing Ultracargo on the liquid bulk storage business.”

Ultrapar Participações S.A.  
UGPA4 = R\$ 101.80/share  
(09/30/10)  
UGP = US\$ 61.20/ADR (09/30/10)

Pedro Wongtschowski – CEO



Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

Ultrapar's financial statements for the year ended December 31st, 2009 were prepared in accordance with the accounting directives set out in the Brazilian Corporate Law, being adopted the alterations introduced by Laws 11,638/07 and 11,941/09 (former Provisional Measure 449/08), as well as the CVM standards, instructions and guidelines, which regulate them. In connection with the process of converging the accounting practices adopted in Brazil to the international financial reporting standards (IFRS), several guidelines, interpretations, and orientations were issued during 2009 and 2010 establishing a new accounting standard in Brazil ("New BR GAAP"). Ultrapar decided to adopt the New BR GAAP in its interim financial statements for the nine-month period ended September 30th, 2010 and information for 2009 contained therein. The interim financial statements for June 30th, 2010 and March 31st, 2010, as well as the information for 2009, were restated and presented in accordance with the New BR GAAP, as described in Note 3 of the interim financial statements for September 30th, 2010, available on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)).

In order to allow gradual transition between accounting standards and facilitate comparability of financial statements with periods prior to the adoption of the above-mentioned accounting changes, the amounts presented in this document do not reflect such changes. For an understanding of the effects of the adoption of the new legislation, we released financial spreadsheets on CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)) as well as on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)) demonstrating the impacts of the accounting changes introduced by the New BR GAAP on the main line items of the quarterly financial statements for 2009 and 2010, year ended December 31st, 2009, and nine-month period ended September 30th, 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 New BR GAAP is available in notes 2 and 3 of the interim financial statements for September 30th, 2010.

The financial information of Ultragas, Ipiranga, Oxiteno, and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of 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 closing of the transaction on March 31st, 2009. Ultrapar's financial statements in periods prior to 2Q09 do not include Texaco's results.

In order to provide a better understanding of the progression of Ipiranga's recurring results, the table below summarizes Ipiranga's results for 2Q09, 3Q09, 4Q09, 1Q10, 2Q10, and 3Q10 ex-non-recurring expenses related to the conversion of Texaco service stations into the Ipiranga brand and to the integration of the acquired operations. The analysis and discussion of the progression in Ipiranga's results presented in this document exclude non-recurring items, in order to provide comparability of the information and better understanding of the company's performance.

IPIRANGA EX-NON-RECURRING EXPENSES

QUARTER ENDED IN

SEPTEMBER 2010    JUNE 2010    MARCH 2010<sup>1</sup>    DECEMBER 2009    SEPTEMBER 2009

|   |          |            |            |            |            | JUNE<br>2009 |
|---|----------|------------|------------|------------|------------|--------------|
| Net sales                                 | 9,321.3  | 8,837.6    | 8,591.5    | 8,988.7    | 8,183.6    | 8,212.9      |
| Cost of sales<br>and services             | (8,834.5 | ) (8,361.9 | ) (8,120.2 | ) (8,483.1 | ) (7,742.2 | ) (7,780.3   |
| Gross profit                              | 486.8    | 475.7      | 471.2      | 505.6      | 441.4      | 432.4        |
| Operating<br>expenses                     | (287.3   | ) (274.6   | ) (267.5   | ) (285.4   | ) (266.4   | ) (269.2     |
| Selling                                   | (156.6   | ) (150.9   | ) (147.8   | ) (136.0   | ) (136.1   | ) (140.5     |
| General and<br>administrative             | (99.6    | ) (92.4    | ) (87.7    | ) (104.0   | ) (86.2    | ) (96.0      |
| Depreciation<br>and<br>amortization       | (31.0    | ) (31.3    | ) (32.0    | ) (45.4    | ) (44.1    | ) (32.6      |
| Other<br>operating<br>results             | 7.8      | 5.5        | 6.4        | 10.1       | 3.4        | 2.2          |
| EBIT                                      | 207.3    | 206.6      | 210.1      | 230.3      | 178.4      | 165.4        |
| EBITDA                                    | 238.8    | 238.2      | 242.7      | 277.9      | 224.7      | 200.1        |
| Depreciation<br>and<br>amortization       | 31.5     | 31.6       | 32.6       | 47.6       | 46.3       | 34.7         |
| EBITDA<br>margin<br>(R\$/m <sup>3</sup> ) | 46       | 48         | 53         | 55         | 47         | 43           |

1 The information for 1Q10 also exclude the effects of adhering the Federal and Mato Grosso State's tax financing program, with an impact of R\$ 22 million on Ipiranga's EBITDA. Additional information is available in note 22.a. to the financial statements for the quarter ended March 31st, 2010, available on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)).

## 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. Consequently, the financial statements of Ultrapar and Ultracargo from 3Q10 onwards include only the results of the liquid bulk storage business.

## 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, subject to working capital and indebtedness adjustments on the closing date. Ultrapar and Ipiranga's financial statements will start to consolidate the results of the acquired business from the closing of the acquisition, occurred on November 1st, 2010.

## Summary of the 3rd quarter of 2010

| Ultrapar – Consolidated data    | 3Q10   | 3Q09  | 2Q10   | D (%)     |           | 9M10   | 9M09   | D (%)     |           |
|---------------------------------|--------|-------|--------|-----------|-----------|--------|--------|-----------|-----------|
|                                 |        |       |        | 3Q10v3Q09 | 3Q10v2Q10 |        |        | 9M10v9M09 | 9M10v9M09 |
| Net sales and services          | 10,912 | 9,660 | 10,377 | 13%       | 5%        | 31,230 | 25,693 | 22%       |           |
| Gross profit                    | 828    | 727   | 823    | 14%       | 1%        | 2,375  | 1,948  | 22%       |           |
| Operating profit                | 340    | 253   | 337    | 34%       | 1%        | 938    | 646    | 45%       |           |
| EBITDA                          | 437    | 371   | 433    | 18%       | 1%        | 1,233  | 966    | 28%       |           |
| Net earnings                    | 211    | 133   | 196    | 58%       | 8%        | 548    | 318    | 72%       |           |
| Earnings per share <sup>1</sup> | 1.58   | 1.00  | 1.46   | 58%       | 8%        | 4.09   | 2.37   | 72%       |           |

Amounts in R\$ million

(except for EPS)

<sup>1</sup>Calculated based on the number of shares over the period, excluding shares held in treasury.

| Ultragas – Operational data | 3Q10 | 3Q09 | 2Q10 | D (%)     |           | 9M10  | 9M09  | D (%)     |           |
|-----------------------------|------|------|------|-----------|-----------|-------|-------|-----------|-----------|
|                             |      |      |      | 3Q10v3Q09 | 3Q10v2Q10 |       |       | 9M10v9M09 | 9M10v9M09 |
| Total volume (000 tons)     | 427  | 425  | 407  | 1%        | 5%        | 1,205 | 1,190 | 1%        |           |
| Bottled                     | 295  | 298  | 282  | (1%)      | 5%        | 835   | 836   | 0%        |           |
| Bulk                        | 132  | 127  | 125  | 4%        | 6%        | 370   | 354   | 5%        |           |

| Ipiranga – Operational data        | 3Q10  | 3Q09  | 2Q10  | D (%)     |           | 9M10   | 9M09   | D (%)     |           |
|------------------------------------|-------|-------|-------|-----------|-----------|--------|--------|-----------|-----------|
|                                    |       |       |       | 3Q10v3Q09 | 3Q10v2Q10 |        |        | 9M10v9M09 | 9M10v9M09 |
| Total volume (000 m <sup>3</sup> ) | 5,244 | 4,786 | 4,984 | 10%       | 5%        | 14,825 | 12,192 | 22%       |           |
| Diesel                             | 2,924 | 2,575 | 2,773 | 14%       | 5%        | 8,186  | 6,586  | 24%       |           |
| Gasoline, ethanol and NGV          | 2,200 | 2,079 | 2,092 | 6%        | 5%        | 6,291  | 5,276  | 19%       |           |
| Other <sup>2</sup>                 | 120   | 132   | 119   | (9%)      | 1%        | 348    | 330    | 6%        |           |

<sup>2</sup>Fuel oils, kerosene, lubricants and greases.

| Oxitemo – Operational data | 3Q10 | 3Q09 | 2Q10 | D (%)     |           | 9M10 | 9M09 | D (%)     |           |
|----------------------------|------|------|------|-----------|-----------|------|------|-----------|-----------|
|                            |      |      |      | 3Q10v3Q09 | 3Q10v2Q10 |      |      | 9M10v9M09 | 9M10v9M09 |
| Total volume (000 tons)    | 175  | 169  | 176  | 3%        | 0%        | 514  | 453  | 14%       |           |
| Product mix                |      |      |      |           |           |      |      |           |           |
| Specialty chemicals        | 164  | 155  | 160  | 6%        | 3%        | 476  | 409  | 16%       |           |
| Glycols                    | 11   | 14   | 15   | (25%)     | (31%)     | 38   | 43   | (12%)     |           |
| Geographical mix           |      |      |      |           |           |      |      |           |           |
| Sales in Brazil            | 123  | 114  | 126  | 8%        | (3%)      | 366  | 307  | 19%       |           |
| Sales outside Brazil       | 52   | 55   | 49   | (7%)      | 6%        | 148  | 146  | 1%        |           |

| Ultracargo – Operational data           | 3Q10 | 3Q09 | 2Q10 | D (%)     |           | 9M10 | 9M09 | D (%)     |           |
|---|------|------|------|-----------|-----------|------|------|-----------|-----------|
|   |      |      |      | 3Q10v3Q09 | 3Q10v2Q10 |      |      | 9M10v9M09 | 9M10v9M09 |
| Effective storage <sup>3</sup> (000 m3) | 587  | 487  | 558  | 21%       | 5%        | 560  | 472  | 19%       |           |
| <sup>3</sup> Monthly average            |      |      |      |           |           |      |      |           |           |

| Macroeconomic indicators                | 3Q10 | 3Q09 | 2Q10 | D (%)     |           | 9M10 | 9M09 | D (%)     |           |
|---|------|------|------|-----------|-----------|------|------|-----------|-----------|
|   |      |      |      | 3Q10v3Q09 | 3Q10v2Q10 |      |      | 9M10v9M09 | 9M10v9M09 |
| Average exchange rate (R\$/US\$)        | 1.75 | 1.87 | 1.79 | (6%)      | (2%)      | 1.78 | 2.08 | (15%)     |           |
| Brazilian interbank interest rate (CDI) | 2.6% | 2.2% | 2.2% |           |           | 7.0% | 7.6% | (8%)      |           |
| Inflation in the period (IPCA)          | 0.5% | 0.6% | 1.0% |           |           | 3.6% | 3.2% | 12%       |           |

## Highlights

- Ø Acquisition of the fuel distributor DNP - On November 1st, 2010, Ultrapar closed the acquisition of 100% of the shares of DNP. The total value of the acquisition is R\$ 85 million, with an initial disbursement of R\$ 47 million and another R\$ 38 million within 60 days after the closing date, subject to adjustments for working capital and indebtedness as of the closing date. DNP distributes fuels in the states of Amazonas, Rondônia, Roraima, Acre, Pará, and Mato Grosso through a network of 110 service stations, with 4% market share in the North of Brazil, being the fourth largest fuel distributor in this geographic area. In 2009, the combined volume of diesel, gasoline, and ethanol sold by DNP totaled approximately 260 thousand cubic meters, with EBITDA of R\$ 17 million. The acquisition of DNP reinforces the strategy of expansion to the North, Northeast and Midwest regions 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 addition of DNP will increase the volume of Ipiranga by 40% in the region and will result in a regional market share of 14%, consolidating Ipiranga as the second largest distributor in the region and allowing a better positioning to capture the fast-paced regional growth and additional benefits from the larger local operating scale.
- Ø Ultracargo focuses its activities on liquid bulk storage and announces expansion in the Santos terminal - With the completion of the sale of its internal logistics, solid bulk storage and road transportation business on July 1st, 2010, Ultracargo concentrated its activities in the liquid bulk storage business, a segment in which it has a leading position and will continue to seek opportunities to leverage the benefits of a growing demand for logistics infrastructure in Brazil. In October 2010, Ultracargo announced the expansion of the storage capacity of its terminal in Santos by 46,000 m<sup>3</sup>, with an estimated investment of R\$ 62 million for 2011. The expanded operations



are expected to start up in early 2012. This expansion represents a growth of 18% in Santos terminal's capacity and 7% in Ultracargo's overall storage capacity, strengthening Ultracargo's position in the port of Santos' region and reinforcing its operating scale.

Executive summary of the results

The macroeconomic indicators released during the third quarter of 2010 indicate continued strong growth of the Brazilian economy, as evidenced by the 9% year-over-year growth of the Brazilian GDP in the first half of 2010, boosted by the 14% growth in the manufacturing activity. Such growth has been supported by the expansion in income, employment, and credit availability, with positive effects on the automotive industry, which accumulates a 7% growth in the year-to-date number of light vehicles licensed as of September 2010 over the same period of 2009. The good performance of the Brazilian economy, combined with the public offering of Petrobras' shares in 3Q10, resulted in a record of foreign investments in Brazil and consequently in a 15% appreciation of the Real in the year. In the international market, commodity prices remained stable, especially the oil price, which ended the 3Q10 at US\$ 76/barrel, a similar level compared to 2Q10.

In 3Q10, Ultragas's sales volume grew by 1% compared with 3Q09, due to the 4% growth in the bulk segment, as a result of the higher level of economic activity. Ultragas's EBITDA reached R\$ 97 million in the quarter, up 3% over 3Q09, mainly as a result of a recovery in margins, to which contributed the operational efficiency programs implemented and the performance in the bulk segment.

At Ipiranga, the expansion of the Brazilian economy combined with the continuing growth in the light vehicle fleet resulted in a 10% growth in the fuel sales volume in 3Q10 over the same period of 2009, with a growth of 14% in the volume of diesel and of 6% in the combined volume of gasoline, ethanol, and NGV. Ipiranga's EBITDA reached R\$ 239 million in 3Q10, up 6% over 3Q09.

In 3Q10, Oxiteno's sales volume grew 3% over 3Q09, boosted by the 11% increase in the volume of specialty chemicals sold in the domestic market, as a result of the higher level of economic activity and expansions in the production capacity. Despite the 6% stronger Real, Oxiteno's EBITDA totaled R\$ 67 million in 3Q10, up 72% from 3Q09, due to the increase in sales volume and the margin recovery, to which contributed the recent stability in raw material prices and an enhanced sales mix, both product and geographic.

Ultracargo reported a 21% increase in average storage compared with 3Q09, mainly due to the consolidation of the acquired terminal in Suape in December 2009 and the higher level of occupation in the Santos and Aratu terminals, partially offset by a reduction in ethanol handling. Ultracargo's EBITDA totaled R\$ 28 million in 3Q10, down 9% from 3Q09, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and road transportation businesses on July 1st, 2010.

Ultrapar's consolidated EBITDA totaled R\$ 437 million in 3Q10, up 18% over 3Q09, due to the EBITDA growth in Ultragas, Ipiranga, and Oxiteno. Net earnings for 3Q10 reached R\$ 211 million, up 58% over 3Q09, especially due to the growth in EBITDA and lower costs and expenses with depreciation and amortization.

Operational performance

Ultragaz – In 3Q10, Ultragaz’s sales volume reached 427 thousand tons, up 1% over 3Q09. In the bottled segment, Ultragaz sales volume decreased by 0.8% as compared with 3Q09. In the bulk segment, sales volume grew 4% due to the higher level of economic activity and a recovery in the industrial activity. Compared with 2Q10, sales volume increased by 5% as a result of seasonality between periods. In 9M10, Ultragaz’s sales volume totals 1,205 thousand tons, up 1% over 9M09.

Ultragaz – Sales volume (000 tons)

Ipiranga – Ipiranga’s sales volume totaled 5,244 thousand cubic meters in 3Q10, up 10% over that of 3Q09. The sales volume of fuels for light vehicles grew by 6%, mainly as a consequence of the increase in the light vehicle fleet during the last 12 months. The diesel volume grew 14% due to the higher level of economic activity in 3Q10. Compared with 2Q10, sales volume increased by 5% as a result of seasonality between quarters. In 9M10, Ipiranga accumulates sales volume of 14,825 thousand cubic meters, up 22% over 9M09, mainly on the back of the consolidation of Texaco’s volume from 2Q09 onwards.

Ipiranga – Sales volume (000 m3)

Oxiteno – Oxiteno’s sales volume totaled 175 thousand tons, up 3% (6 thousand tons) over 3Q09, highlighting the 11% increase in sales volume of specialty chemicals sold in the Brazilian market, on the back of higher level of economic activity compared with 3Q09, and enabled by the expansions in the production capacity. The total volume sold in Brazil rose by 8% (9 thousand tons), notably in specialty chemicals sold to the agrochemicals, cosmetics and detergents industries. Sales volume outside Brazil was down by 7% (4 thousand tons), due to higher spot sales of glycols and specialty chemicals in 3Q09. Compared with 2Q10, sales volume remained stable. Oxiteno’s sales volume in 9M10 totals 514 thousand tons, up 14% over 9M09.

Oxiteno – Sales volume (000 tons)

Ultracargo – In 3Q10, Ultracargo reported a 21% increase in average storage over 3Q09, mainly due to the consolidation of the terminal acquired in Suape in December 2009 and the higher volume of operations in the Santos and Aratu terminals, partially offset by a reduction in ethanol handling. Compared with 2Q10, Ultracargo’s average effective storage was 5% higher. In 9M10, Ultracargo accumulates a 19% increase in the average effective storage of its terminals.

Ultracargo – Average storage  
(000 m<sup>3</sup>)

Economic-financial performance

Net sales and services – Ultrapar’s consolidated net sales and services amounted to R\$ 10,912 million in 3Q10, up 13% over 3Q09, as a consequence of the growth in sales in Ipiranga, Ultragaz, and Oxiteno. Compared with 2Q10, Ultrapar’s net sales and services increased by 5%. In 9M10, Ultrapar’s net sales and services amounted to R\$ 31,230 million, up 22% over 9M09, mainly as a consequence of the consolidation of Texaco’s net sales and services from 2Q09 onwards.

Ultragaz – Ultragaz’s net sales and services amounted to R\$ 976 million in 3Q10, up 5% over 3Q09, as a result of higher sales volume in the bulk segment, an increase in the cost of LPG used in the bulk segment from January 2010 onwards and commercial initiatives and operational efficiency programs implemented. Compared with 2Q10, net sales and services increased by 6%, in line with the sales volume progression. In 9M10, Ultragaz’s net sales and services totaled R\$ 2,740 million, up 7% over 9M09.

Ipiranga – Ipiranga’s net sales and services amounted R\$ 9,321 million in 3Q10, up 14% over net sales and services for 3Q09, as a consequence of the increase in sales volume by 10% and the increase in ethanol costs. Compared with 2Q10, Ipiranga’s net sales and services grew by 5%, in line with the sales volume progression. In 9M10, Ipiranga’s net sales and services amounted R\$ 26,750 million, up 24% over 9M09, mainly as a consequence of the consolidation of Texaco’s net sales and services from 2Q09 onwards.

Ipiranga – Net sales breakdown by product

Oxiteno – Oxiteno’s net sales and services totaled R\$ 538 million in 3Q10, up 11% over 3Q09, despite the 6% stronger Real, as a consequence of the recovery in average dollar prices and a 3% growth in sales volume. Compared with 2Q10, Oxiteno’s net sales and services dropped by 2%, as a consequence of the stronger Real. Net sales and services in 9M10 totaled R\$ 1,559 million, up 10% over 9M09.

Ultracargo – Ultracargo’s net sales and services totaled R\$ 65 million in 3Q10, down 26% and 25% from 3Q09 and 2Q10, respectively, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and road transportation businesses. In 9M10, Ultracargo’s net sales and services totaled R\$ 234 million, down 9% from 9M09.

Cost of goods sold - Ultrapar’s cost of goods sold amounted to R\$ 10,084 million in 3Q10, up 13% over 3Q09, as a result of the higher volume of operations in Ipiranga, Ultragaz, and Oxiteno. Compared with 2Q10, Ultrapar’s cost of goods sold increased by 6%. In 9M10, Ultrapar’s cost of goods sold amounted to R\$ 28,855 million, up 22% over 9M09, mainly as a consequence of the consolidation of Texaco’s cost of goods sold from 2Q09 onwards.

Ultragaz – Ultragaz’s cost of goods sold amounted to R\$ 796 million in 3Q10, up 3% over 3Q09, as a consequence of a 6% increase in ex-refinery cost of LPG used in the bulk segment from January 2010 onwards and higher sales volume. Compared with 2Q10, the cost of goods sold increased by 5%, in line with the sales volume progression. In 9M10, Ultragaz’s cost of goods sold totaled R\$ 2,252 million, up 5% over 9M09.

Ipiranga – Ipiranga’s cost of goods sold amounted to R\$ 8,835 million in 3Q10, up 14% over 3Q09, mainly as a result of the 10% growth in sales volume and the increase in ethanol costs. Compared with 2Q10, the cost of goods sold increased by 6%, in line with the sales volume progression. In 9M10, Ipiranga’s cost of goods sold totaled R\$ 25,317 million, up 24% over 9M09, mainly due to the consolidation of Texaco’s cost of goods sold from 2Q09 onwards.

Oxiteno – Oxiteno’s cost of goods sold in 3Q10 amounted to R\$ 422 million, up 5% over 3Q09, as a result of the 3% increase in sales volume and extraordinary costs resulting from the scheduled maintenance stoppage of the Camaçari plant, with the higher unit variable cost in dollar offset by the 6% stronger Real. Compared with 2Q10, the cost of goods sold remained stable, in line with the sales volume progression. In 9M10, Oxiteno’s cost of goods sold totaled R\$ 1,236 million, up 5% over 9M09.

Ultracargo – Ultracargo’s cost of services provided amounted to R\$ 27 million in 3Q10, down 44% and 36% from 3Q09 and 2Q10, respectively, mainly due to the effect of the sale of in-house logistics, solid bulk storage and road transportation businesses. In 9M10, Ultracargo’s cost of services provided totaled R\$ 111 million, down 25% from 9M09.

Sales, general and administrative expenses – Sales, general and administrative expenses of Ultrapar reached R\$ 492 million in 3Q10, up 3% and 1% over 3Q09 and 2Q10, respectively. In 9M10, Ultrapar’s sales, general and administrative expenses totaled R\$ 1,449 million, up 11% over 9M09, basically as a consequence of the consolidation of Texaco’s sales, general and administrative expenses from 2Q09 onwards.

Ultragaz – Ultragaz’s sales, general and administrative expenses amounted to R\$ 108 million in 3Q10, up 15% over 3Q09, as a consequence of (i) an increase in expenses related to promotional and sales campaign, (ii) effects of inflation on expenses, and (iii) higher variable compensation, in line with the earnings progression. Compared with 2Q10, sales, general and administrative expenses grew by 2%, below the seasonal variation of 5% in sales volume, as a consequence of higher expenses in promotional and sales campaign in 2Q10. In 9M10, Ultragaz’s sales, general and administrative expenses totaled R\$ 320 million, up 16% over 9M09.

Ipiranga – Ipiranga’s sales, general and administrative expenses totaled R\$ 287 million in 3Q10, up 8% over 3Q09, due to the higher volume sold, effects of inflation on expenses and expenses related with maintenance and expansion projects. Compared with 2Q10, sales, general and administrative expenses grew by 5%, as a result of the same items above. In 9M10, Ipiranga’s sales, general and administrative totaled R\$ 829 million, up 16% over 9M09, mainly due to the consolidation of Texaco’ sales, general and administrative expenses from 2Q09 onwards.

Oxitenó – Oxitenó’s sales, general and administrative expenses totaled R\$ 76 million in 3Q10, up 13% over 3Q09, mainly due to higher variable compensation, in line with the progression of results. Compared with 2Q10, sales, general and administrative expenses decreased by 6%, mainly due to higher variable compensation in 2Q10. Sales, general and administrative expenses totaled R\$ 223 million in 9M10, up 12% over 9M09.

Ultracargo – Ultracargo’s sales, general and administrative expenses totaled R\$ 17 million in 3Q10, down 19% and 25% over 3Q09 and 2Q10, respectively, mainly due to the effect of the sale of in-house logistics, solid bulk storage and road transportation businesses and higher indemnification expenses in 2Q10. Sales, general and administrative expenses totaled R\$ 61 million in 9M10, down 10% from 9M09.

EBITDA – Ultrapar’s EBITDA amounted to R\$ 437 million in 3Q10, up 18% and 1% over 3Q09 and 2Q10, respectively. In 9M10, Ultrapar’s EBITDA totaled R\$ 1,233 million, up 28% over 9M09, as a result of the EBITDA growth in all businesses and the consolidation of Texaco’s EBITDA from 2Q09 onwards.

Ultragaz – Ultragaz’s EBITDA amounted to R\$ 97 million in 3Q10, up 3% over 3Q09, especially due to a recovery in margins, to which the operational efficiency programs implemented contributed, and an improvement in the bulk segment performance, partially offset by an increase in expenses related to promotional and sales campaigns and higher variable compensation. Compared with 2Q10, Ultragaz’s EBITDA increased by 16%, mainly as a consequence of a seasonally higher volume. In 9M10, Ultragaz’s EBITDA totaled R\$ 251 million, up 14% over 9M09.

Ipiranga – Ipiranga’s EBITDA amounted to R\$ 239 million in 3Q10, up 6% over 3Q09, mainly on the back of higher sales volume and synergy gains from the integration of Texaco, partially offset by strong fluctuations in the availability of ethanol in the market. Compared with 2Q10, Ipiranga’s EBITDA remained mainly stable, with an increase of 5% in sales volume offset by higher expenses in the quarter. In 9M10, Ipiranga’s EBITDA totaled R\$ 720 million, up 27% over 9M09.

In 3Q10, Ipiranga’s reported EBITDA, which considers non-recurring items, amounted to R\$ 236 million, up 19% over 3Q09 and stable in relation to 2Q10. In 9M10, Ipiranga’s reported EBITDA totaled R\$ 682 million, up 32% over 9M09.

Oxitenó – Oxitenó’s EBITDA totaled R\$ 67 million in 3Q10, up 72% over 3Q09, despite the 6% stronger Real, as a consequence of the recovery in margins and the 3% increase in sales volume. Compared with 2Q10, Oxitenó’s EBITDA decreased by 5%, due to the scheduled maintenance stoppage of the Camaçari plant and the stronger Real. Oxitenó’s unit EBITDA reached US\$ 219/ton in 3Q10, up 77% over 3Q09 and at the same level as 2Q10. In 9M10, Oxitenó’s EBITDA totaled R\$ 177 million, up 55% over 9M09.



Ultracargo – Ultracargo’s EBITDA amounted to R\$ 28 million in 3Q10, a 9% decrease from 3Q09, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and road transportation businesses. Compared with 2Q10, Ultracargo’s EBITDA decreased by 2%, influenced by the above-mentioned factors and by higher administrative expenses in 2Q10. In 9M10, Ultracargo’s EBITDA totaled R\$ 87 million, up 5% over 9M09.

Depreciation and amortization – Total depreciation and amortization costs and expenses in 3Q10 were R\$ 98 million, down R\$ 21 million from 3Q09, mainly as a result of the revision in the economic useful life of assets in accordance with Technical Standard ICPC (Brazilian Accounting Pronouncements Committee) 10, in effect from January 1st, 2010 onwards. Compared with 2Q10, Ultrapar’s total depreciation and amortization costs and expenses grew by 2%. In 9M10, Ultrapar’s depreciation and amortization costs and expenses totaled R\$ 295 million, down R\$ 25 million from 9M09.

Financial result – Ultrapar reported net financial expense of R\$ 64 million in 3Q10, up R\$ 4 million over net financial expense for 3Q09 and down R\$ 4 million from 2Q10. The net debt to last 12 months EBITDA ratio decreased from 1.7 times at the end of 3Q09 to 1.4 times at the end of 3Q10. In 9M10, Ultrapar’s reported net financial expense totaled R\$ 207 million, up R\$ 1 million over 9M09.

Net earnings – Ultrapar’s consolidated net earnings in 3Q10 amounted to R\$ 211 million, up 58% over 3Q09, mainly due to the EBITDA growth and lower depreciation and amortization costs and expenses. Compared with 2Q10, net earnings grew by 8%. In 9M10, Ultrapar’s reported net earnings of R\$ 548 million, up 72% over 9M09.

Investments – Total investment, net of disposals and repayments, amounted to R\$ 129 million in 3Q10, allocated as follows:

- At Ultragaz, R\$ 45 million were invested mainly in new clients in the bulk segment and renewal of bottles.
- At Ipiranga, R\$ 105 million were invested in the conversion of unbranded service stations, new service stations, renewal and improvement of the distribution network. Of the total amounted invested, R\$ 49 million were related to additions to fixed assets and R\$ 56 million were related to financing and bonuses to clients, net of repayments.
- At Oxiteno, R\$ 43 million were invested, concentrated on projects to expand the ethylene oxide and ethoxylation production capacities in Camaçari.
- Ultracargo invested R\$ 13 million, mainly in the expansion of the Suape terminal (30 thousand m3).

| R\$ million  | 3Q10 | 9M10 |
|--|------|------|
| Additions to fixed assets <sup>1</sup>                   |      |      |
| Ultragaz   | 45   | 123  |
| Ipiranga   | 49   | 129  |
| Oxiteno  | 43   | 190  |
| Ultracargo   | 13   | 34   |
| Total – additions to fixed assets                        | 155  | 487  |
| Financing and bonuses to clients <sup>2</sup> – Ipiranga | 56   | 140  |
| Acquisition (disposal) of equity interest                | (82) | (82) |
| Total investments, net of disposals and repayments       | 129  | 545  |



### Ultrapar in the capital markets

Ultrapar's average daily trading volume in 3Q10 was R\$ 31 million/day, 17% higher than the average of R\$ 27 million/day in 3Q09, considering the combined trading on the BM&FBovespa and the NYSE. Ultrapar's share price closed 3Q10 quoted at R\$ 101.80/share on the BM&FBovespa, with an accumulated appreciation of 18% in the quarter and 43% over the last 12 months. In the same periods, the Ibovespa index appreciated by 14% and 13%, respectively. At the NYSE, Ultrapar's shares appreciated by 29% in 3Q10 and appreciated by 52% over the last 12 months, while the Dow Jones index appreciated by 10% in 3Q10 and 11% over the last 12 months. Ultrapar closed 3Q10 with a market value of R\$ 14 billion, up 43% over 3Q09.

### Outlook

With the acquisition of DNP, we took one more step forward in implementing Ipiranga's expansion strategy towards the North, Northeast, and Midwest of Brazil, regions that will continue to be the priority in our distribution network expansion plan. In addition, the positive effects of the higher economic activity in diesel sales and visibility for continued growth in the vehicle fleet will further benefit Ipiranga. Ultracargo, focused on liquid bulk storage, will benefit from greater specialization in services provided and the good prospects for the industry, derived from the growing demand for logistics infrastructure and investment opportunities. Ultragas will continue to reap the good prospects for the bulk segment, in which it is a prominent leader. At Oxiteno, the growth in the volume of specialty chemicals in the domestic market, resulting from the higher economic activity, provides a better sales mix, helping to offset the effects of the Real appreciation seen over the past few quarters. Finally, the good prospects in each of our businesses, combined with our resilience and the greater dynamism of the economy, allow the visibility for maintaining the current growth trajectory of the company's results.

Forthcoming events

Conference Call / Webcast: November 12th, 2010

Ultrapar will be holding a conference call for analysts on November 12th, 2010 to comment on the company's performance in the third quarter of 2010 and outlook. The presentation will be available for download on the company's website 30 minutes prior to the conference call.

Brazilian / Public Meeting (APIMEC): 9:30 a.m. (US EST)

Telephone for connection: +55 11 2188 0155

Code: Ultrapar

International: 12:00 p.m. (US EST)

Participants in the USA: +1 800 418 6854

Participants in Brazil: 0800 891 9722

Participants International: +1 973 200 3114

Code: Ultrapar or 18571880

WEBCAST live via Internet at [www.ultra.com.br](http://www.ultra.com.br). Please connect 15 minutes in advance.

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

## Operational and market Information

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Financial focus                                  | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| EBITDA margin Ultrapar                           | 4.0%    | 3.8%    | 4.2%    | 3.9%    | 3.8%    |
| Net margin Ultrapar                              | 1.9%    | 1.4%    | 1.9%    | 1.8%    | 1.2%    |
| Focus on human resources                         | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| Number of employees – Ultrapar                   | 8,760   | 9,533   | 9,331   | 8,760   | 9,533   |
| Number of employees – Ultragaz                   | 4,043   | 4,116   | 4,021   | 4,043   | 4,116   |
| Number of employees – Ipiranga                   | 2,304   | 2,343   | 2,289   | 2,304   | 2,343   |
| Number of employees – Oxiteno                    | 1,561   | 1,528   | 1,529   | 1,561   | 1,528   |
| Number of employees – Ultracargo                 | 524     | 1,231   | 1,168   | 524     | 1,231   |
| Focus on capital markets                         | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| Number of shares (000)                           | 136,096 | 136,096 | 136,096 | 136,096 | 136,096 |
| Market capitalization <sup>1</sup> – R\$ million | 12,706  | 8,974   | 11,292  | 11,713  | 8,259   |
| BM&FBovespa                                      | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| Average daily volume (shares)                    | 256,919 | 334,773 | 371,356 | 309,304 | 329,645 |
| Average daily volume (R\$ 000)                   | 23,888  | 22,091  | 30,776  | 26,535  | 20,106  |
| Average share price (R\$/share)                  | 93.0    | 66.0    | 82.9    | 85.8    | 61.0    |
| NYSE   | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| Quantity of ADRs <sup>2</sup> (000 ADRs)         | 13,104  | 12,271  | 13,029  | 13,104  | 12,271  |
| Average daily volume (ADRs)                      | 80,484  | 71,827  | 82,315  | 83,031  | 90,070  |
| Average daily volume (US\$ 000)                  | 4,362   | 2,522   | 3,918   | 4,094   | 2,564   |
| Average share price (US\$/ADR)                   | 54.2    | 35.1    | 47.6    | 49.3    | 28.5    |
| Total  | 3Q10    | 3Q09    | 2Q10    | 9M10    | 9M09    |
| Average daily volume (shares)                    | 337,403 | 406,601 | 453,672 | 392,335 | 419,714 |
| Average daily volume (R\$ 000)                   | 31,500  | 26,811  | 37,640  | 33,767  | 25,472  |

All financial information is presented according to the accounting principles laid down in the Brazilian Corporate Law. All figures are expressed in Brazilian Reais, except for the amounts on page 22, which are expressed in US dollars and were obtained using the average exchange rate (commercial dollar rate) for the corresponding periods.

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<sup>1</sup> Calculated based on the weighted average price in the period.

<sup>2</sup> 1 ADR = 1 preferred share.

ULTRAPAR  
 CONSOLIDATED BALANCE SHEET  
 In millions of Reais - Accounting practices adopted in Brazil

|  | QUARTERS ENDED IN |                 |                 |
|--|-------------------|-----------------|-----------------|
|  | SEP<br>2010       | SEP<br>2009     | JUN<br>2010     |
| <b>ASSETS</b>                                  |                   |                 |                 |
| Cash and financial investments                 | 2,927.5           | 1,808.3         | 2,978.1         |
| Trade accounts receivable                      | 1,693.7           | 1,588.3         | 1,643.0         |
| Inventories                                    | 1,092.5           | 920.5           | 1,024.7         |
| Deferred income tax and social contribution    | 183.4             | 156.4           | 204.8           |
| Other  | 387.2             | 378.4           | 366.8           |
| <b>Total Current Assets</b>                    | <b>6,284.3</b>    | <b>4,851.9</b>  | <b>6,217.3</b>  |
| Investments                                    | 23.2              | 23.1            | 23.2            |
| Property, plant and equipment and intangibles  | 4,754.7           | 4,626.2         | 4,745.3         |
| Deferred charges                               | 6.1               | 11.2            | 7.3             |
| Financial investments                          | 29.2              | 7.2             | 5.8             |
| Deferred income tax and social contribution LT | 381.6             | 485.1           | 395.5           |
| Trade accounts receivable LT                   | 371.7             | 295.0           | 353.4           |
| Other long term assets                         | 240.1             | 180.6           | 232.2           |
| <b>Total Long Term Assets</b>                  | <b>5,806.7</b>    | <b>5,628.4</b>  | <b>5,762.6</b>  |
| <b>TOTAL ASSETS</b>                            | <b>12,091.0</b>   | <b>10,480.3</b> | <b>11,980.0</b> |
| <b>LIABILITIES</b>                             |                   |                 |                 |
| Loans and financing                            | 669.3             | 965.4           | 737.2           |
| Debentures                                     | 92.5              | 41.3            | 56.7            |
| Suppliers                                      | 768.7             | 692.1           | 687.4           |
| Payroll and related charges                    | 200.9             | 169.7           | 167.2           |
| Taxes  | 219.6             | 167.3           | 194.5           |
| Other accounts payable                         | 65.5              | 65.5            | 69.4            |
| <b>Total Current Liabilities</b>               | <b>2,016.5</b>    | <b>2,101.3</b>  | <b>1,912.3</b>  |
| Loans and financing                            | 3,347.1           | 1,889.1         | 3,315.2         |
| Debentures                                     | 1,191.8           | 1,192.7         | 1,190.3         |
| Deferred income tax and social contribution    | 17.2              | 12.0            | 26.4            |
| Other long term liabilities                    | 311.8             | 409.5           | 361.0           |
| <b>Total Long Term Liabilities</b>             | <b>4,867.9</b>    | <b>3,503.2</b>  | <b>4,892.9</b>  |
| <b>TOTAL LIABILITIES</b>                       | <b>6,884.4</b>    | <b>5,604.5</b>  | <b>6,805.1</b>  |
| <b>STOCKHOLDERS' EQUITY</b>                    |                   |                 |                 |
| Capital  | 3,696.8           | 3,696.8         | 3,696.8         |
| Capital reserve                                | 1.7               | 1.1             | 1.6             |
| Revaluation reserves                           | 7.7               | 8.9             | 7.9             |
| Profit reserves                                | 1,134.4           | 941.7           | 1,133.7         |
| Mark to market adjustments                     | (6.3 )            | (7.0 )          | (3.8 )          |

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|                                      |            |            |            |
|--------------------------------------|------------|------------|------------|
| Cumulative translation adjustment    | (22.3 )    | (5.1 )     | (19.7 )    |
| Retained earnings                    | 371.4      | 200.0      | 336.7      |
| Total Stockholders' Equity           | 5,183.4    | 4,836.3    | 5,153.1    |
| Minority Interests                   | 23.2       | 39.5       | 21.7       |
| TOTAL STOCKHOLDERS' EQUITY & M.I.    | 5,206.6    | 4,875.8    | 5,174.9    |
| <br>                                 |            |            |            |
| TOTAL LIAB. AND STOCKHOLDERS' EQUITY | 12,091.0   | 10,480.3   | 11,980.0   |
| <br>                                 |            |            |            |
| Cash and financial investments       | 2,956.7    | 1,815.5    | 2,983.8    |
| Debt                                 | 5,300.6    | 4,088.5    | 5,299.3    |
| Net cash (debt)                      | (2,343.9 ) | (2,273.0 ) | (2,315.5 ) |

ULTRAPAR  
CONSOLIDATED INCOME STATEMENT

In millions of Reais (except per share data) - Accounting practices adopted in Brazil

|  | QUARTERS ENDED IN |             |             | ACCUMULATED |             |
|--|-------------------|-------------|-------------|-------------|-------------|
|  | SEP<br>2010       | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales and services                           | 10,911.8          | 9,660.3     | 10,377.4    | 31,229.9    | 25,693.5    |
| Cost of sales and services                       | (10,083.8)        | (8,932.9 )  | (9,554.5 )  | (28,854.6)  | (23,745.6)  |
| Gross profit                                     | 828.0             | 727.4       | 822.9       | 2,375.3     | 1,947.9     |
| Operating expenses                               |                   |             |             |             |             |
| Selling  | (235.4 )          | (218.4 )    | (232.4 )    | (692.6 )    | (600.6 )    |
| General and administrative                       | (191.1 )          | (180.2 )    | (189.1 )    | (556.4 )    | (507.3 )    |
| Depreciation and amortization                    | (65.5 )           | (78.6 )     | (65.9 )     | (200.1 )    | (202.3 )    |
| Other operating income (expenses)                | 3.5               | 2.7         | 1.8         | 11.9        | 8.1         |
| EBIT   | 339.5             | 252.9       | 337.3       | 937.9       | 645.8       |
| Financial results                                | (63.7 )           | (59.7 )     | (67.8 )     | (206.8 )    | (205.6 )    |
| Financial income                                 | 82.2              | 35.7        | 50.6        | 179.0       | 125.6       |
| Financial expenses                               | (145.8 )          | (95.5 )     | (118.5 )    | (385.8 )    | (331.2 )    |
| Equity in earnings (losses) of affiliates        | (0.0 )            | 0.1         | (0.2 )      | (0.2 )      | 0.1         |
| Other income (expense)                           | 10.5              | 6.3         | (2.2 )      | 9.1         | 16.2        |
| Income before taxes                              | 286.3             | 199.5       | 267.1       | 740.1       | 456.6       |
| Provision for income and social contribution tax | (82.2 )           | (70.5 )     | (78.3 )     | (217.0 )    | (150.1 )    |
| Benefit of tax holidays                          | 8.8               | 5.4         | 8.5         | 24.4        | 15.2        |
| Income before minority interest                  | 212.9             | 134.4       | 197.3       | 547.5       | 321.6       |
| Minority interest                                | (1.5 )            | (1.0 )      | (1.3 )      | 0.4         | (3.7 )      |
| Net Income                                       | 211.3             | 133.4       | 196.0       | 547.9       | 317.9       |
| EBITDA   | 437.2             | 371.1       | 433.4       | 1,233.0     | 965.8       |
| Depreciation and amortization                    | 97.7              | 118.2       | 96.1        | 295.0       | 319.9       |
|  | 129.2             | 295.8       | 210.9       | 544.7       | 1,726.0     |



Total investments, net of disposals and repayments

RATIOS

|                                 |      |       |       |       |       |
|---------------------------------|------|-------|-------|-------|-------|
| Earnings / share - R\$          | 1.58 | 1.00  | 1.46  | 4.09  | 2.37  |
| Net debt / Stockholders' equity | 0.45 | 0.47  | 0.45  | 0.45  | 0.47  |
| Net debt / LTM EBITDA           | 1.45 | 1.75  | 1.49  | 1.45  | 1.75  |
| Net interest expense / EBITDA   | 0.15 | 0.16  | 0.16  | 0.17  | 0.21  |
| Gross margin                    | 7.6  | % 7.5 | % 7.9 | % 7.6 | % 7.6 |
| Operating margin                | 3.1  | % 2.6 | % 3.3 | % 3.0 | % 2.5 |
| EBITDA margin                   | 4.0  | % 3.8 | % 4.2 | % 3.9 | % 3.8 |

ULTRAPAR  
CONSOLIDATED CASH FLOW STATEMENT  
In millions of Reais - Accounting practices adopted in Brazil

|  | JAN - SEP  |            |
|--|------------|------------|
|  | 2010       | 2009       |
| Cash Flows from operating activities                         | 791.7      | 1,196.9    |
| Net income   | 547.9      | 317.9      |
| Minority interest  | (0.4 )     | 3.7        |
| Depreciation and amortization                                | 295.0      | 319.9      |
| Working capital  | (258.0 )   | 575.2      |
| Financial expenses (A)                                       | 299.6      | 24.3       |
| Deferred income and social contribution taxes                | 85.0       | 18.8       |
| Other (B)  | (177.4 )   | (62.9 )    |
| Cash Flows from investing activities                         | (404.6 )   | (1,686.6 ) |
| Additions to fixed assets, net of disposals                  | (486.8 )   | (326.0 )   |
| Acquisition and sale of equity investments                   | 82.2       | (1,360.6 ) |
| Cash Flows from (used in) financing activities               | 288.8      | 142.2      |
| Issuances of short term debt                                 | 220.9      | 251.2      |
| Amortization of short term debt                              | (1,585.3 ) | (1,891.9 ) |
| Issuances of long term debt                                  | 2,006.4    | 2,026.3    |
| Related companies  | (2.6 )     | (1.7 )     |
| Dividends paid (C)   | (339.3 )   | (241.7 )   |
| Other (D)  | (11.4 )    | -          |
| Net increase (decrease) in cash and cash equivalents         | 675.9      | (347.5 )   |
| Cash from subsidiaries acquired                              | (2.4 )     | 29.4       |
| Cash and cash equivalents at the beginning of the period (E) | 2,283.2    | 2,133.6    |
| Cash and cash equivalents at the end of the period (E)       | 2,956.7    | 1,815.5    |
| Supplemental disclosure of cash flow information             |            |            |
| Cash paid for interest (F)                                   | 191.4      | 141.0      |
| Cash paid for income and social contribution taxes (G)       | 36.6       | 23.3       |

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

interest and exchange rate and inflationary variation on cash equivalents.

(B) Comprised mainly of cost of permanent asset sold and noncurrent assets and liabilities variations net.

(C) Includes dividends paid by Ultrapar and its subsidiaries to third parties.

- (D) Minority interest portion in the capital reduction of Utingás, in which Ultragas holds a 56% stake.
- (E) Includes long term investments.
- (F) Included in cash flow used in financing activities.
- (G) Included in cash flow from operating activities.

## ULTRAGAZ

## CONSOLIDATED BALANCE SHEET

In millions of Reais - Accounting practices adopted in  
Brazil

|  | QUARTERS ENDED IN |              |              |
|--|-------------------|--------------|--------------|
|  | SEP<br>2010       | SEP<br>2009  | JUN<br>2010  |
| <b>OPERATING ASSETS</b>                        |                   |              |              |
| Trade accounts receivable                      | 169.9             | 184.9        | 173.8        |
| Trade accounts receivable - noncurrent portion | 26.1              | 26.9         | 27.9         |
| Inventories                                    | 51.6              | 31.2         | 38.7         |
| Other  | 33.1              | 27.1         | 26.3         |
| Property, plant and equipment and intangibles  | 548.9             | 535.6        | 536.5        |
| Deferred charges                               | 6.1               | 11.2         | 7.3          |
| <b>TOTAL OPERATING ASSETS</b>                  | <b>835.7</b>      | <b>817.0</b> | <b>810.4</b> |
| <b>OPERATING LIABILITIES</b>                   |                   |              |              |
| Suppliers                                      | 31.0              | 29.7         | 38.5         |
| Payroll and related charges                    | 70.8              | 56.7         | 60.3         |
| Taxes  | 7.9               | 5.7          | 8.1          |
| Other accounts payable                         | 2.9               | 2.5          | 5.1          |
| <b>TOTAL OPERATING LIABILITIES</b>             | <b>112.6</b>      | <b>94.7</b>  | <b>112.0</b> |

## ULTRAGAZ

## CONSOLIDATED INCOME STATEMENT

In millions of Reais - Accounting practices adopted in  
Brazil

|                               | QUARTERS ENDED IN |             |             | ACCUMULATED |             |
|-------------------------------|-------------------|-------------|-------------|-------------|-------------|
|                               | SEP<br>2010       | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales                     | 975.5             | 929.3       | 922.4       | 2,739.6     | 2,557.2     |
| Cost of sales and services    | (796.2 )          | (770.5 )    | (759.5 )    | (2,252.1 )  | (2,148.9 )  |
| Gross profit                  | 179.3             | 158.8       | 162.9       | 487.5       | 408.4       |
| Operating expenses            |                   |             |             |             |             |
| Selling                       | (44.9 )           | (40.8 )     | (44.8 )     | (133.1 )    | (115.9 )    |
| General and administrative    | (33.0 )           | (23.2 )     | (30.6 )     | (94.1 )     | (70.4 )     |
| Depreciation and amortization | (30.2 )           | (30.2 )     | (30.4 )     | (93.2 )     | (89.3 )     |

|                               |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|
| Other operating results       | (4.7 ) | (0.8 ) | (4.2 ) | (9.3 ) | (2.1 ) |
| EBIT                          | 66.5   | 63.8   | 53.0   | 157.8  | 130.8  |
| EBITDA                        | 96.7   | 94.0   | 83.4   | 251.0  | 220.1  |
| Depreciation and amortization | 30.2   | 30.2   | 30.4   | 93.2   | 89.3   |
| RATIOS                        |        |        |        |        |        |
| Gross margin (R\$/ton)        | 420    | 374    | 400    | 405    | 343    |
| Operating margin (R\$/ton)    | 156    | 150    | 130    | 131    | 110    |
| EBITDA margin (R\$/ton)       | 226    | 221    | 205    | 208    | 185    |

IPIRANGA  
 CONSOLIDATED BALANCE SHEET  
 In millions of Reais - Accounting practices  
 adopted in Brazil

|  | QUARTERS ENDED IN |                |                |
|--|-------------------|----------------|----------------|
|  | SEP<br>2010       | SEP<br>2009    | JUN<br>2010    |
| <b>OPERATING ASSETS</b>                        |                   |                |                |
| Trade accounts receivable                      | 1,209.5           | 1,129.9        | 1,150.7        |
| Trade accounts receivable - noncurrent portion | 345.2             | 267.7          | 325.1          |
| Inventories                                    | 688.7             | 549.9          | 646.8          |
| Other  | 182.0             | 174.5          | 183.1          |
| Property, plant and equipment and intangibles  | 1,382.3           | 1,391.6        | 1,366.4        |
| <b>TOTAL OPERATING ASSETS</b>                  | <b>3,807.6</b>    | <b>3,513.7</b> | <b>3,672.1</b> |
| <b>OPERATING LIABILITIES</b>                   |                   |                |                |
| Suppliers                                      | 612.9             | 547.6          | 524.7          |
| Payroll and related charges                    | 58.8              | 59.9           | 49.3           |
| Post-retirement benefits                       | 86.6              | 85.9           | 86.6           |
| Taxes  | 127.5             | 109.1          | 112.0          |
| Other accounts payable                         | 19.3              | 17.7           | 11.3           |
| <b>TOTAL OPERATING LIABILITIES</b>             | <b>905.1</b>      | <b>820.2</b>   | <b>783.9</b>   |

IPIRANGA  
 CONSOLIDATED INCOME STATEMENT  
 In millions of Reais - Accounting practices  
 adopted in Brazil

|                               | QUARTERS ENDED IN |             |             | ACCUMULATED |             |
|-------------------------------|-------------------|-------------|-------------|-------------|-------------|
|                               | SEP<br>2010       | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales                     | 9,321.3           | 8,183.6     | 8,837.6     | 26,731.4    | 21,510.0    |
| Cost of sales and services    | (8,834.5 )        | (7,742.2 )  | (8,361.9 )  | (25,320.1)  | (20,344.9)  |
| Gross profit                  | 486.8             | 441.4       | 475.7       | 1,411.3     | 1,165.1     |
| Operating expenses            |                   |             |             |             |             |
| Selling                       | (157.8 )          | (144.8 )    | (152.1 )    | (459.0 )    | (393.7 )    |
| General and administrative    | (101.2 )          | (103.5 )    | (93.7 )     | (291.5 )    | (273.0 )    |
| Depreciation and amortization | (31.0 )           | (44.1 )     | (31.3 )     | (94.4 )     | (101.1 )    |

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|                               |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|
| Other operating results       | 7.8   | 3.4   | 5.5   | 19.7  | 10.0  |
| EBIT                          | 204.6 | 152.4 | 204.1 | 586.1 | 407.3 |
| EBITDA                        | 236.1 | 198.7 | 235.6 | 681.8 | 514.6 |
| Depreciation and amortization | 31.5  | 46.3  | 31.6  | 95.7  | 107.3 |

RATIOS

|                           |    |    |    |    |    |
|---------------------------|----|----|----|----|----|
| Gross margin (R\$/m3)     | 93 | 92 | 95 | 95 | 96 |
| Operating margin (R\$/m3) | 39 | 32 | 41 | 40 | 33 |
| EBITDA margin (R\$/m3)    | 45 | 42 | 47 | 46 | 42 |

## OXITENO

## CONSOLIDATED BALANCE SHEET

In millions of Reais - Accounting practices adopted in  
Brazil

|   | QUARTERS ENDED IN |                |                |
|---|-------------------|----------------|----------------|
|   | SEP<br>2010       | SEP<br>2009    | JUN<br>2010    |
| <b>OPERATING ASSETS</b>                       |                   |                |                |
| Trade accounts receivable                     | 285.9             | 237.4          | 281.9          |
| Inventories                                   | 329.2             | 309.9          | 312.5          |
| Other   | 112.3             | 132.4          | 123.6          |
| Property, plant and equipment and intangibles | 1,569.2           | 1,461.4        | 1,555.8        |
| <b>TOTAL OPERATING ASSETS</b>                 | <b>2,296.6</b>    | <b>2,141.0</b> | <b>2,273.8</b> |
| <b>OPERATING LIABILITIES</b>                  |                   |                |                |
| Suppliers                                     | 96.1              | 86.8           | 105.2          |
| Payroll and related charges                   | 54.9              | 35.5           | 42.1           |
| Taxes   | 23.7              | 19.6           | 22.3           |
| Other accounts payable                        | 4.2               | 4.6            | 3.5            |
| <b>TOTAL OPERATING LIABILITIES</b>            | <b>178.9</b>      | <b>146.5</b>   | <b>173.1</b>   |

## OXITENO

## CONSOLIDATED INCOME STATEMENT

In millions of Reais - Accounting practices adopted in  
Brazil

|                               | QUARTERS ENDED IN |             |             | ACCUMULATED |             |
|-------------------------------|-------------------|-------------|-------------|-------------|-------------|
|                               | SEP<br>2010       | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales                     | 538.3             | 482.9       | 549.2       | 1,559.5     | 1,415.7     |
| Cost of goods sold            |                   |             |             |             |             |
| Variable                      | (350.2 )          | (336.1 )    | (355.3 )    | (1,032.9 )  | (970.3 )    |
| Fixed                         | (46.9 )           | (41.7 )     | (44.1 )     | (131.6 )    | (136.2 )    |
| Depreciation and amortization | (24.7 )           | (24.5 )     | (22.4 )     | (71.1 )     | (72.2 )     |
| Gross profit                  | 116.5             | 80.5        | 127.4       | 323.9       | 236.9       |
| Operating expenses            |                   |             |             |             |             |
| Selling                       | (32.1 )           | (32.3 )     | (34.7 )     | (99.2 )     | (89.6 )     |
| General and administrative    | (42.0 )           | (33.4 )     | (44.2 )     | (118.1 )    | (103.9 )    |



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|                               |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|
| Depreciation and amortization | (2.0 ) | (1.9 ) | (1.9 ) | (5.9 ) | (5.3 ) |
| Other operating results       | (0.1 ) | (0.5 ) | (0.3 ) | (0.6 ) | (1.3 ) |
| EBIT                          | 40.3   | 12.4   | 46.3   | 100.0  | 36.8   |
| EBITDA                        | 66.9   | 38.9   | 70.6   | 177.0  | 114.3  |
| Depreciation and amortization | 26.6   | 26.5   | 24.3   | 77.0   | 77.5   |
| RATIOS                        |        |        |        |        |        |
| Gross margin (R\$/ton)        | 666    | 477    | 726    | 630    | 523    |
| Operating margin (R\$/ton)    | 230    | 74     | 264    | 195    | 81     |
| EBITDA margin (R\$/ton)       | 383    | 230    | 402    | 344    | 253    |

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ULTRACARGO  
 CONSOLIDATED BALANCE SHEET  
 In millions of Reais - Accounting practices adopted in  
 Brazil

|  | QUARTERS ENDED IN |              |              |
|--|-------------------|--------------|--------------|
|  | SEP<br>2010       | SEP<br>2009  | JUN<br>2010  |
| <b>OPERATING ASSETS</b>                          |                   |              |              |
| Trade accounts receivable                        | 16.5              | 28.0         | 28.7         |
| Inventories                                      | 1.3               | 2.5          | 2.4          |
| Other  | 10.1              | 10.4         | 13.7         |
| Property, plant and equipment and<br>intangibles | 445.2             | 422.0        | 473.0        |
| <b>TOTAL OPERATING ASSETS</b>                    | <b>473.1</b>      | <b>462.9</b> | <b>517.7</b> |
| <b>OPERATING LIABILITIES</b>                     |                   |              |              |
| Suppliers  | 9.7               | 15.0         | 13.8         |
| Payroll and related charges                      | 12.7              | 14.9         | 12.4         |
| Taxes  | 3.5               | 3.3          | 4.6          |
| Other accounts payable <sup>1</sup>              | 30.4              | 12.3         | 30.4         |
| <b>TOTAL OPERATING LIABILITIES</b>               | <b>56.2</b>       | <b>45.5</b>  | <b>61.2</b>  |

<sup>1</sup> Includes the long term obligations with clients account

ULTRACARGO  
 CONSOLIDATED INCOME STATEMENT  
 In millions of Reais - Accounting practices adopted in  
 Brazil

|                            | QUARTERS ENDED<br>IN |             |             | ACCUMULATED |             |
|----------------------------|----------------------|-------------|-------------|-------------|-------------|
|                            | SEP<br>2010          | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales                  | 65.2                 | 87.6        | 86.4        | 234.1       | 257.4       |
| Cost of sales and services | (27.4 )              | (48.9 )     | (42.7 )     | (110.6 )    | (147.9 )    |
| Gross profit               | 37.8                 | 38.6        | 43.7        | 123.4       | 109.5       |
| Operating expenses         |                      |             |             |             |             |
| Selling                    | (0.2 )               | (0.3 )      | (0.3 )      | (0.0 )      | (0.6 )      |

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|                               |         |         |         |         |         |   |
|-------------------------------|---------|---------|---------|---------|---------|---|
| General and administrative    | (17.1 ) | (21.0 ) | (23.0 ) | (60.7 ) | (66.3 ) |   |
| Depreciation and amortization | (0.1 )  | (0.2 )  | (0.1 )  | (0.2 )  | (0.7 )  |   |
| Other operating results       | 0.5     | 0.5     | 0.6     | 2.1     | 1.5     |   |
| EBIT                          | 20.9    | 17.6    | 21.0    | 64.6    | 43.4    |   |
| EBITDA                        | 27.7    | 30.5    | 28.4    | 86.5    | 82.7    |   |
| Depreciation and amortization | 6.9     | 12.9    | 7.4     | 22.0    | 39.3    |   |
| RATIOS                        |         |         |         |         |         |   |
| Gross margin                  | 58      | % 44    | % 51    | % 53    | % 43    | % |
| Operating margin              | 32      | % 20    | % 24    | % 28    | % 17    | % |
| EBITDA margin                 | 43      | % 35    | % 33    | % 37    | % 32    | % |

ULTRAPAR  
CONSOLIDATED INCOME STATEMENT

In millions of US dollars except where otherwise mentioned - Accounting practices  
adopted in Brazil

|                           | QUARTERS ENDED IN |             |             | ACCUMULATED |             |
|---------------------------|-------------------|-------------|-------------|-------------|-------------|
|                           | SEP<br>2010       | SEP<br>2009 | JUN<br>2010 | SEP<br>2010 | SEP<br>2009 |
| Net sales                 |                   |             |             |             |             |
| Ultrapar                  | 6,237.8           | 5,177.2     | 5,790.6     | 17,532.3    | 12,328.9    |
| Ultragaz                  | 557.7             | 498.0       | 514.7       | 1,538.0     | 1,227.1     |
| Ipiranga                  | 5,328.6           | 4,385.8     | 4,931.4     | 15,006.9    | 10,321.5    |
| Oxiteno                   | 307.7             | 258.8       | 306.4       | 875.5       | 679.3       |
| Ultracargo                | 37.3              | 46.9        | 48.2        | 131.4       | 123.5       |
| EBITDA                    |                   |             |             |             |             |
| Ultrapar                  | 249.9             | 198.9       | 241.8       | 692.2       | 463.4       |
| Ultragaz                  | 55.3              | 50.4        | 46.5        | 140.9       | 105.6       |
| Ipiranga                  | 135.0             | 106.5       | 131.5       | 382.7       | 247.0       |
| Oxiteno                   | 38.3              | 20.9        | 39.4        | 99.4        | 54.8        |
| Ultracargo                | 15.8              | 16.4        | 15.8        | 48.6        | 39.7        |
| EBIT                      |                   |             |             |             |             |
| Ultrapar                  | 194.1             | 135.5       | 188.2       | 526.6       | 309.9       |
| Ultragaz                  | 38.0              | 34.2        | 29.6        | 88.6        | 62.7        |
| Ipiranga                  | 117.0             | 81.7        | 113.9       | 329.0       | 195.4       |
| Oxiteno                   | 23.0              | 6.7         | 25.8        | 56.2        | 17.7        |
| Ultracargo                | 11.9              | 9.4         | 11.7        | 36.3        | 20.8        |
| EBITDA margin             |                   |             |             |             |             |
| Ultrapar                  | 4                 | %           | 4           | %           | 4           |
| Ultragaz                  | 10                | %           | 10          | %           | 9           |
| Ipiranga                  | 3                 | %           | 2           | %           | 3           |
| Oxiteno                   | 12                | %           | 8           | %           | 13          |
| Ultracargo                | 43                | %           | 35          | %           | 33          |
| EBITDA margin / volume    |                   |             |             |             |             |
| Ultragaz (US\$/ton)       | 129               | 119         | 114         | 117         | 89          |
| Ipiranga (US\$/m3)        | 26                | 22          | 26          | 26          | 20          |
| Oxiteno (US\$/ton)        | 219               | 123         | 224         | 193         | 121         |
| Net income                |                   |             |             |             |             |
| Ultrapar                  | 120.8             | 71.5        | 109.4       | 307.6       | 152.6       |
| Net income / share (US\$) | 0.90              | 0.53        | 0.82        | 2.30        | 1.14        |



ULTRAPAR  
LOANS

In millions of Reais - Accounting practices adopted in Brazil

| LOANS   | Balance in September/2010 |         |            |          |                                    |                          | Index/<br>Currency | Weighted<br>average<br>interest<br>rate<br>p- |
|---|---------------------------|---------|------------|----------|------------------------------------|--------------------------|--------------------|---|
|   | Ultragaz                  | Oxiteno | Ultracargo | Ipiranga | Ultrapar Parent<br>Company / Other | Ultrapar<br>Consolidated |                    |   |
| Foreign<br>Currency                             |                           |         |            |          |                                    |                          |                    |   |
| Notes   | 427.7                     | -       | -          | -        | -                                  | 427.7                    | US\$               | 7   |
| Syndicated<br>loan                              | -                         | 101.9   | -          | -        | -                                  | 101.9                    | US\$ +<br>LIBOR    | 1   |
| Advances<br>on Foreign<br>Exchange<br>Contracts | -                         | 60.4    | -          | -        | -                                  | 60.4                     | US\$               | 1   |
| BNDES   | 14.7                      | 37.2    | 0.4        | 2.0      | -                                  | 54.2                     | US\$               | 6   |
| Financial<br>institutions                       | -                         | 16.9    | -          | -        | -                                  | 16.9                     | MX\$ +<br>TIE      | 2   |
| Import<br>Financing<br>(FINIMP) -<br>RPR        | -                         | -       | -          | -        | 16.5                               | 16.5                     | US\$               | 3   |
| Financial<br>institutions                       | -                         | 6.7     | -          | -        | -                                  | 6.7                      | US\$ +<br>LIBOR    | 2   |
| Financial<br>institutions                       | -                         | -       | -          | -        | 1.6                                | 1.6                      | US\$               | 0   |
| Import<br>Financing<br>(FINIMP) -<br>Tequimar   | -                         | -       | 0.8        | -        | -                                  | 0.8                      | US\$               | 7   |
| Financial<br>institutions                       | -                         | 0.02    | -          | -        | -                                  | 0.02                     | BS                 | 23  |
| BNDES   | 0.01                      | -       | -          | -        | -                                  | 0.01                     | UMBNDDES           | 7   |
| Subtotal  | 442.4                     | 223.2   | 1.3        | 2.0      | 18.1                               | 686.9                    |                    |   |
| Local<br>Currency                               |                           |         |            |          |                                    |                          |                    |   |
| Banco do<br>Brasil <sup>1</sup>                 | -                         | -       | -          | 1,875.3  | -                                  | 1,875.3                  | R\$                | 1   |
| Debentures                                      | -                         | -       | -          | -        | 1,284.3                            | 1,284.3                  | CDI                | 10  |

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|   |       |       |      |         |         |         |      |    |
|---|-------|-------|------|---------|---------|---------|------|----|
| BNDES   | 319.1 | 476.9 | 94.4 | 228.7   | -       | 1,119.2 | TJLP | 3  |
| Banco do Nordeste do Brasil                           | -     | 102.6 | -    | -       | -       | 102.6   | R\$  | 8  |
| Loan - MaxFácil                                       | -     | -     | -    | 75.5    | -       | 75.5    | CDI  | 10 |
| Research and projects financing (FINEP)               | -     | 60.7  | -    | -       | -       | 60.7    | TJLP | 0  |
| BNDES   | 3.8   | 41.7  | 0.02 | 7.9     | 0.2     | 53.6    | R\$  | 5  |
| Working capital loan - RPR                            | -     | -     | -    | -       | 26.6    | 26.6    | CDI  | 11 |
| Agency for Financing Machinery and Equipment (FINAME) | -     | 0.3   | -    | 7.5     | -       | 7.8     | TJLP | 3  |
| Financial leasing floating rate                       | -     | -     | -    | 5.3     | -       | 5.3     | CDI  | 1  |
| Financial leasing fixed rate                          | -     | -     | -    | 0.1     | 1.6     | 1.7     | R\$  | 13 |
| Others  | -     | -     | -    | 1.0     | -       | 1.0     | CDI  | 1  |
| Subtotal  | 323.0 | 682.2 | 94.5 | 2,201.3 | 1,312.7 | 4,613.7 |      |    |
| Total   | 765.4 | 905.4 | 95.7 | 2,203.3 | 1,330.8 | 5,300.6 |      |    |
| Composition per annum                                 |       |       |      |         |         |         |      |    |
| Up to 1 year  | 135.0 | 359.2 | 30.8 | 113.8   | 123.0   | 761.8   |      |    |
| From 1 to 2 years                                     | 143.1 | 231.9 | 33.4 | 611.5   | 4.1     | 1,024.0 |      |    |
| From 2 to 3 years                                     | 43.4  | 116.5 | 16.7 | 841.2   | 1,202.2 | 2,220.0 |      |    |
| From 3 to 4 years                                     | 13.2  | 75.9  | 9.4  | 316.5   | 1.5     | 416.5   |      |    |
| From 4 to 5 years                                     | 7.3   | 48.4  | 5.1  | 319.4   | 0.0     | 380.2   |      |    |
| Thereafter  | 423.4 | 73.5  | 0.3  | 0.9     | 0.1     | 498.2   |      |    |
| Total   | 765.4 | 905.4 | 95.7 | 2,203.3 | 1,330.8 | 5,300.6 |      |    |

TIEE = Interbank Interest Rate Even / UMBNDES = BNDES Basket of Currencies / CDI = interbank deposit rate / BS = Bolivar Forte from Venezuela

|                                | Balance in September/2010 |         |            |          |                                 |                       |
|--------------------------------|---------------------------|---------|------------|----------|---------------------------------|-----------------------|
|                                | Ultragaz                  | Oxiteno | Ultracargo | Ipiranga | Ultrapar Parent Company / Other | Ultrapar Consolidated |
| CASH AND LONG TERM INVESTMENTS | 305.8                     | 454.7   | 166.1      | 1,455.4  | 574.6                           | 2,956.7               |

<sup>1</sup> For this loan, a hedging instrument was hired with the objective of swapping the fixed to floating rate, equivalent to 99% of CDI.



Item 4

ULTRAPAR PARTICIPAÇÕES S.A.

Publicly Traded Company

CNPJ N° 33.256.439/0001- 39

NIRE 35.300.109.724

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS (11/2010)

Date, Time and Location:

November 10th, 2010, at 2:30 p.m., at the Company's headquarters, located at Av. Brigadeiro Luiz Antônio, nr 1343 – 9th floor, in the City and State of São Paulo.

Attendance:

(i) Members of the Board of Directors, duly signed; and (ii) member of the Fiscal Council, duly signed, pursuant to the terms of paragraph 3 of article 163 of the Brazilian Corporate Law.

Discussed and approved matters:

1. Members of the Board expressed deep regret over the loss of Mr. Gilberto Tamm Barcellos Corrêa on November 4th. The Board members expressed their admiration and respect for Mr. Gilberto Tamm Barcellos Corrêa, as well as their recognition for promptly and dedicated work of the former board member and legal adviser over all these decades.

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(Minutes of the meeting of the Board of Directors of Ultrapar Participações S.A., held on November 10th, 2010)

2. Having analyzed and discussed the performance of the Company in the third quarter of the current year, the respective financial statements were approved.

Observation: The deliberations were approved by all members of the Board of Directors present, except for the Board Member Renato Ochman, who abstained from voting.

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

Paulo Guilherme Aguiar Cunha – Chairman

Lucio de Castro Andrade Filho – Vice Chairman

Ana Maria Levy Villela Igel

Paulo Vieira Belotti

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(Minutes of the meeting of the Board of Directors of Ultrapar Participações S.A., held on November 10th, 2010)

Nildemar Secches

Olavo Egydio Monteiro de Carvalho

Renato Ochman

Luiz Carlos Teixeira

Flavio César Maia Luz – Member of the Fiscal Council

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Item 5

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

Ultrapar Participações S.A. and Subsidiaries

Interim financial information  
September 30, 2010

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Ultrapar Participações S.A. and Subsidiaries

Interim financial statements

as of September 30, 2010 and 2009

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Independent auditors' review report

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

1. We have reviewed the Quarterly Financial Information of Ultrapar Participações S.A. (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended September 30, 2010, comprising the balance sheet, the statements of income, comprehensive income, cash flows, changes in shareholders' equity, explanatory notes and management report, which are the responsibility of its management.
2. Our review was conducted in accordance with the specific rules set forth by the IBRACON - The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council - CFC and consisted mainly of the following: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any material modifications that should be made in the accounting information included in the Quarterly Financial Information described above, for these to be in accordance with accounting practices adopted in Brazil, especially the Committee for Accounting Pronouncements – CPC n° 21 – Interim Financial Statements and the rules issued by the Brazilian Securities and Exchange Commission (CVM), which are applicable to the preparation of the Quarterly Financial Information.

4. As per Note n° 2, during the year of 2009 a number of Pronouncements, Interpretations and Technical Guidance issued by the Committee for Accounting Pronouncements – CPC – were approved by the Brazilian Securities and Exchange Commission (CVM), in effect as from January 1, 2010, and changed certain accounting practices adopted in Brazil. These changes were adopted by the Company and its subsidiaries in the preparation of the Quarterly Financial Information for the quarter ended September 30, 2010 and disclosed in Note n° 2. The Quarterly Financial Information for the year and period related to 2009, presented herein for comparison purposes, were adjusted to include the changes in the accounting practices adopted in Brazil in effect in 2010.

São Paulo, November 9, 2010

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Anselmo Neves Macedo  
Accountant CRC 1SP160482/O-6

Ultrapar Participações S.A. and Subsidiaries  
(Convenience Translation into English from the Original Previously Issued in Portuguese)

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**IDENTIFICATION**


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**01.01 - CAPITAL COMPOSITION**

| Number of shares<br>(Thousands) | Current quarter<br>09/30/2010 | Prior quarter<br>06/30/2010 | Same quarter in prior<br>year<br>09/30/2009 |
|---------------------------------|-------------------------------|-----------------------------|---|
| <b>Paid-up Capital</b>          |                               |                             |   |
| 1 - Common                      | 49,430                        | 49,430                      | 49,430                                      |
| 2 - Preferred                   | 86,666                        | 86,666                      | 86,666                                      |
| 3 - Total                       | 136,096                       | 136,096                     | 136,096                                     |
| <b>Treasury Share</b>           |                               |                             |   |
| 4 - Common                      | 7                             | 7                           | 7   |
| 5 - Preferred                   | 2,138                         | 2,138                       | 2,201                                       |
| 6 - Total                       | 2,145                         | 2,145                       | 2,208                                       |

**01.02 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER  
THE QUARTER**

| 1 - ITEM | 2 - EVENT                      | 3 -<br>APPROVAL | 4 -<br>REVENUE | 5 -<br>BEGINNING<br>OF<br>PAYMENT | 7 - TYPE OF<br>SHARE | 8 -<br>AMOUNT<br>PER SHARE |
|----------|--------------------------------|-----------------|----------------|-----------------------------------|----------------------|----------------------------|
| 01       | Board of Director's<br>Meeting | 08/11/2010      | Dividend       | 08/27/2010                        | ON                   | 1.32                       |
| 02       | Board of Director's<br>Meeting | 08/11/2010      | Dividend       | 08/27/2010                        | PN                   | 1.32                       |

**01.03 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT  
YEAR**

| 1 - ITEM | 2 - DATE OF<br>ALTERATION | 3 - AMOUNT<br>OF THE<br>CAPITAL<br>(IN<br>THOUSANDS | 4 - AMOUNT<br>OF THE<br>ALTERATION<br>(IN<br>THOUSANDS | 5 - NATURE<br>OF<br>ALTERATION | 7 - NUMBER<br>OF SHARES<br>ISSUED<br>(THOUSAND) | 8 -<br>SHARE<br>PRICE<br>ON<br>ISSUE |
|----------|---------------------------|---|--|--------------------------------|---|--------------------------------------|
|----------|---------------------------|---|--|--------------------------------|---|--------------------------------------|



OF REAIS) OF REAIS)

DATE  
(IN  
REAIS)

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## Ultrapar Participações S.A. and Subsidiaries

## Balance sheets

as of September 30, 2010 and June 30, 2010

(In thousands of Reais)

| Assets  | Note         | Parent           |                  | Consolidated      |                   |
|---|--------------|------------------|------------------|-------------------|-------------------|
|   |              | 09/30/2010       | 06/30/2010       | 09/30/2010        | 06/30/2010        |
| <b>Current assets</b>                         |              |                  |                  |                   |                   |
| Cash and cash equivalents                     | 5            | 461,853          | 421,683          | 2,508,421         | 2,446,702         |
| Financial investments                         | 5            | 72,974           | 56,761           | 485,233           | 571,368           |
| Trade accounts receivable                     | 6            | -                | -                | 1,662,266         | 1,630,948         |
| Inventories                                   | 7            | -                | -                | 1,092,381         | 1,024,524         |
| Recoverable taxes                             | 8            | 31,623           | 31,690           | 343,945           | 310,506           |
| Dividends receivable                          |              | -                | -                | -                 | -                 |
| Other receivables                             |              | 671              | 824              | 15,303            | 18,218            |
| Prepaid expenses                              | 11           | -                | -                | 27,873            | 37,996            |
| <b>Total current assets</b>                   |              | <b>567,121</b>   | <b>510,958</b>   | <b>6,135,422</b>  | <b>6,040,262</b>  |
| <b>Non-current assets</b>                     |              |                  |                  |                   |                   |
| <b>Long-term assets</b>                       |              |                  |                  |                   |                   |
| Financial investments                         | 5            | -                | -                | 29,202            | 9,228             |
| Trade accounts receivable                     | 6            | -                | -                | 68,639            | 68,596            |
| Related companies                             | 9.a)         | 750,000          | 770,674          | 10,144            | 10,174            |
| Deferred income and social contribution taxes | 10.a)        | 193              | 180              | 604,250           | 644,718           |
| Recoverable taxes                             | 8            | 41,018           | 34,001           | 81,417            | 78,341            |
| Escrow deposits                               |              | 232              | 232              | 362,391           | 332,771           |
| Other receivables                             |              | -                | -                | 811               | 969               |
| Prepaid expenses                              | 11           | -                | -                | 25,377            | 30,876            |
|   |              | <b>791,443</b>   | <b>805,087</b>   | <b>1,182,231</b>  | <b>1,175,673</b>  |
| <b>Investments</b>                            |              |                  |                  |                   |                   |
| Subsidiaries                                  | 12.a)        | 4,791,551        | 4,773,840        | -                 | -                 |
| Affiliates                                    | 12.b)        | -                | -                | 12,301            | 12,321            |
| Others  |              | -                | -                | 2,265             | 2,288             |
| Property, plant and equipment                 | 13 and 16.g) | -                | -                | 3,903,778         | 3,880,926         |
| Intangible assets                             | 14           | 246,163          | 246,163          | 1,238,491         | 1,231,580         |
| Deferred charges                              | 15           | -                | -                | 6,147             | 7,283             |
|   |              | <b>5,037,714</b> | <b>5,020,003</b> | <b>5,162,982</b>  | <b>5,134,398</b>  |
| <b>Total non-current assets</b>               |              | <b>5,829,157</b> | <b>5,825,090</b> | <b>6,345,213</b>  | <b>6,310,071</b>  |
| <b>Total assets</b>                           |              | <b>6,396,278</b> | <b>6,336,048</b> | <b>12,480,635</b> | <b>12,350,333</b> |

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 September 30, 2010 and June 30, 2010

(In thousands of Reais)

|   | Note  | Parent           |                  | Consolidated     |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 09/30/2010       | 06/30/2010       | 09/30/2010       | 06/30/2010       |
| <b>Liabilities</b>                            |       |                  |                  |                  |                  |
| <b>Current liabilities</b>                    |       |                  |                  |                  |                  |
| Loans and financing                           | 16    | -                | -                | 783,891          | 835,881          |
| Debentures                                    | 16.f) | 92,491           | 56,651           | 92,491           | 56,651           |
| Finance leases                                | 16.g) | -                | -                | 5,887            | 8,090            |
| Trade payables                                |       | 56               | 216              | 768,747          | 687,396          |
| Salaries and related charges                  |       | 110              | 110              | 200,879          | 167,191          |
| Taxes payable                                 |       | 19               | 30               | 165,774          | 148,989          |
| Dividends payable                             |       | 2,862            | 2,093            | 8,287            | 7,471            |
| Income tax and social contribution payable    |       | 5                | 5                | 42,918           | 40,242           |
| Post-employment benefits                      | 25.b) | -                | -                | 11,955           | 11,955           |
| Provision for contingencies                   | 24.a) | -                | -                | 22,723           | 23,087           |
| Provision for assets retirement obligation    | 17    | -                | -                | 5,551            | 5,703            |
| Deferred revenue                              | 18    |                  |                  | 13,015           | 13,362           |
| Other payables                                |       | 214              | 214              | 22,835           | 27,118           |
| <b>Total current liabilities</b>              |       | <b>95,757</b>    | <b>59,319</b>    | <b>2,144,953</b> | <b>2,033,136</b> |
| <b>Non-current liabilities</b>                |       |                  |                  |                  |                  |
| <b>Long-term liabilities</b>                  |       |                  |                  |                  |                  |
| Financing                                     | 16    | -                | -                | 3,345,943        | 3,317,120        |
| Debentures                                    | 16.f) | 1,191,788        | 1,190,252        | 1,191,788        | 1,190,252        |
| Finance leases                                | 16.g) | -                | -                | 1,108            | 1,569            |
| Related companies                             | 9.a)  | -                | -                | 4,029            | 4,021            |
| Deferred income and social contribution taxes | 10.a) | -                | -                | 24,605           | 27,919           |
| Provision for contingencies                   | 24.a) | 3,645            | 3,592            | 470,608          | 507,880          |
| Post-employment benefits                      | 25.b) | -                | -                | 90,085           | 90,085           |
| Provision for assets retirement obligation    | 17    |                  |                  | 57,462           | 59,233           |
| Deferred revenue                              | 18    |                  |                  | 5,423            | 4,646            |
| Other payables                                |       | -                | -                | 53,052           | 45,889           |
| <b>Total non-current liabilities</b>          |       | <b>1,195,433</b> | <b>1,193,844</b> | <b>5,244,103</b> | <b>5,248,614</b> |
| Non-controlling interest                      |       | -                | -                | 23,233           | 21,723           |
| <b>Shareholders' equity</b>                   |       |                  |                  |                  |                  |
| Share capital                                 | 19.a) | 3,696,773        | 3,696,773        | 3,696,773        | 3,696,773        |
| Capital reserve                               | 19.c) | 4,482            | 4,482            | 1,725            | 1,576            |
| Revaluation reserve                           | 19.d) | 7,731            | 7,873            | 7,731            | 7,873            |

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|  |                   |            |            |            |            |
|--|-------------------|------------|------------|------------|------------|
| Profit reserves                            | 19.e)             | 1,268,850  | 1,268,850  | 1,268,850  | 1,268,850  |
| Treasury shares                            | 19.b)             | (123,720 ) | (123,720 ) | (134,472 ) | (135,116 ) |
| Valuation adjustment                       | 3.c) and<br>19.g) | (6,296 )   | (3,850 )   | (6,296 )   | (3,850 )   |
| Cumulative translation adjustments         | 3.o) and<br>19.h) | (22,317 )  | (19,708 )  | (22,317 )  | (19,708 )  |
| Retained earnings                          | 19.f)             | 279,585    | 252,185    | 256,352    | 230,462    |
| Total liabilities and shareholders' equity |                   | 5,105,088  | 5,082,885  | 5,068,346  | 5,046,860  |
|  |                   | 6,396,278  | 6,336,048  | 12,480,635 | 12,350,333 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Income statements

For the quarters ended September 30, 2010 and 2009

(In thousands of Reais)

|  | Note            | Parent     |            | Consolidated |              |
|--|-----------------|------------|------------|--------------|--------------|
|  |                 | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009   |
| Gross revenue from sales and services                        | 3.a)            | -          | -          | 11,352,357   | 10,127,646   |
| Deduction  |                 | -          | -          | (441,761 )   | (476,641 )   |
| Net revenue from sales and services                          |                 | -          | -          | 10,910,596   | 9,651,005    |
| Cost of products and services sold                           | 3.a)            | -          | -          | (10,105,803) | (8,931,995 ) |
| Gross income   |                 | -          | -          | 804,793      | 719,010      |
| Operating revenues (expenses)                                |                 |            |            |              |              |
| Selling and marketing  |                 | -          | -          | (294,465 )   | (267,721 )   |
| General and administrative                                   |                 | (1,194 )   | (740 )     | (180,655 )   | (206,552 )   |
| Other net operating income                                   |                 | 1,209      | 750        | 2,696        | 2,803        |
| Income on disposal of assets                                 | 20              | -          | -          | 11,090       | 6,246        |
| Operating income before financial income and equity          |                 | 15         | 10         | 343,459      | 253,786      |
| Net financial income   | 22              | 6,784      | (14,258 )  | (60,665 )    | (66,034 )    |
| Equity in income of subsidiaries and affiliates              | 12.a) and 12.b) | 198,124    | 137,621    | (22 )        | 56           |
| Operating income before social contribution and income taxes |                 | 204,923    | 123,373    | 282,772      | 187,808      |
| Social contribution and income taxes                         |                 |            |            |              |              |
| Current  | 10.b)           | (2,320 )   | (1,591 )   | (52,362 )    | (53,095 )    |
| Deferred charges   | 10.b)           | 14         | (347 )     | (35,084 )    | (17,665 )    |
| Tax incentives   | 10.b) and 10.c) | -          | -          | 8,804        | 5,392        |
|  |                 | (2,306 )   | (1,938 )   | (78,642 )    | (65,368 )    |
| Income before non-controlling interests                      |                 | 202,617    | 121,435    | 204,130      | 122,440      |
| Non-controlling interests                                    |                 | -          | -          | (1,513 )     | (1,005 )     |
| Net income for the period                                    |                 | 202,617    | 121,435    | 202,617      | 121,435      |

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



## Ultrapar Participações S.A. and Subsidiaries

## Income statements

For the nine-month periods ended September 30, 2010 and 2009

(In thousands of Reais)

|  | Note            | Parent     |            | Consolidated |              |
|--|-----------------|------------|------------|--------------|--------------|
|  |                 | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009   |
| Gross revenue from sales and services                        | 3.a)            | -          | -          | 32,481,131   | 26,961,218   |
| Deduction  |                 | -          | -          | (1,254,557 ) | (1,281,129 ) |
| Net revenue from sales and services                          |                 | -          | -          | 31,226,574   | 25,680,089   |
| Cost of products and services sold                           | 3.a)            | -          | -          | (28,917,987) | (23,772,644) |
| Gross income   |                 | -          | -          | 2,308,587    | 1,907,445    |
| Operating revenues (expenses)                                |                 |            |            |              |              |
| Selling and marketing  |                 | -          | -          | (861,526 )   | (727,360 )   |
| General and administrative                                   |                 | (4,636 )   | (2,440 )   | (544,128 )   | (554,013 )   |
| Other net operating income                                   |                 | 5,457      | 2,347      | 11,808       | 9,352        |
| Income on disposal of assets                                 | 20              | -          | -          | 9,316        | 15,784       |
| Operating income before financial income and equity          |                 | 821        | (93 )      | 924,057      | 651,208      |
| Net financial income   | 22              | 6,970      | (59,153 )  | (199,673 )   | (214,534 )   |
| Equity in income of subsidiaries and affiliates              | 12.a) and 12.b) | 513,021    | 361,418    | (160 )       | 95           |
| Operating income before social contribution and income taxes |                 | 520,812    | 302,172    | 724,224      | 436,769      |
| Social contribution and income taxes                         |                 |            |            |              |              |
| Current  | 10.b)           | (2,596 )   | (1,591 )   | (132,018 )   | (131,310 )   |
| Deferred charges   | 10.b)           | (38 )      | (8 )       | (98,836 )    | (16,342 )    |
| Tax incentives   | 10.b) and 10.c) | -          | -          | 24,411       | 15,169       |
|  |                 | (2,634 )   | (1,599 )   | (206,443 )   | (132,483 )   |
| Income before non-controlling interests                      |                 | 518,178    | 300,573    | 517,781      | 304,286      |
| Non-controlling interests                                    |                 | -          | -          | 397          | (3,713 )     |



|                           |         |         |         |         |
|---------------------------|---------|---------|---------|---------|
| Net income for the period | 518,178 | 300,573 | 518,178 | 300,573 |
|---------------------------|---------|---------|---------|---------|

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the parent company

For the nine-month periods ended September 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total      |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|------------|
| Balance at December 31, 2009   |       | 3,696,773     | 4,482           | 8,156                               | 1,145,130      | (4,075)               | (5,302 )                           | 6,568             | 4,851,732  |
| Realization of revaluation reserve   | 19.d) | -             | -               | (425 )                              | -              | -                     | -                                  | 425               | -          |
| Dividends  | -     | -             | -               | -                                   | -              | -                     | -                                  | (233,672)         | (233,672 ) |
| Changes on non-controlling interest by subsidiaries  | -     | -             | -               | -                                   | -              | -                     | -                                  | (11,784 )         | (11,784 )  |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                     | -                                  | (130 )            | (130 )     |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | (2,221)               | -                                  | -                 | (2,221 )   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                     | (17,015)                           | -                 | (17,015 )  |
| Net income for the period  | -     | -             | -               | -                                   | -              | -                     | -                                  | 518,178           | 518,178    |
| Balance at September 30, 2010  |       | 3,696,773     | 4,482           | 7,731                               | 1,145,130      | (6,296)               | (22,317)                           | 279,585           | 5,105,088  |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the consolidated

For the nine-month periods ended September 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total      |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|------------|
| Balance at December 31, 2009   |       | 3,696,773     | 1,275           | 8,156                               | 1,132,447      | (4,075)               | (5,302 )                           | 6,568             | 4,835,842  |
| Realization of revaluation reserve   | 19.d) | -             | -               | (425 )                              | -              | -                     | -                                  | 425               | -          |
| Dividends  |       | -             | -               | -                                   | -              | -                     | -                                  | (233,672)         | (233,672 ) |
| Changes on non-controlling interest by subsidiaries  |       | -             | -               | -                                   | -              | -                     | -                                  | (11,784 )         | (11,784 )  |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                     | -                                  | (130 )            | (130 )     |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | (2,221)               | -                                  | -                 | (2,221 )   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                     | (17,015)                           | -                 | (17,015 )  |
| Treasury shares  |       | -             | 450             | -                                   | 1,931          | -                     | -                                  | -                 | 2,381      |
| Net income for the period  |       | -             | -               | -                                   | -              | -                     | -                                  | 518,178           | 518,178    |
| Balance at September 30, 2010  |       | 3,696,773     | 1,725           | 7,731                               | 1,134,378      | (6,296)               | (22,317)                           | 279,585           | 5,091,579  |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the parent company

For the quarters ended September 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve subsidiaries | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total      |
|--|-------|---------------|------------------------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|------------|
| Balance at June 30, 2010   |       | 3,696,773     | 4,482                        | 7,873                               | 1,145,130      | (3,850)               | (19,708)                           | 252,185           | 5,082,885  |
| Realization of revaluation reserve   | 19.d) | -             | -                            | (142 )                              | -              | -                     | -                                  | 142               | -          |
| Dividends  |       | -             | -                            | -                                   | -              | -                     | -                                  | (176,815)         | (176,815 ) |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d  | -             | -                            | -                                   | -              | -                     | -                                  | (55 )             | (55 )      |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -                            | -                                   | -              | (2,446)               | -                                  | -                 | (2,446 )   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -                            | -                                   | -              | -                     | (2,609 )                           | -                 | (2,609 )   |
| Changes on non-controlling interest by subsidiaries  |       | -             | -                            | -                                   | -              | -                     | -                                  | 1,511             | 1,511      |
| Net income for the period  |       | -             | -                            | -                                   | -              | -                     | -                                  | 202,617           | 202,617    |
| Balance at September 30, 2010  |       | 3,696,773     | 4,482                        | 7,731                               | 1,145,130      | (6,296)               | (22,317)                           | 279,585           | 5,105,088  |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of changes in shareholders' equity in the consolidated

For the quarters ended September 30, 2010

(In thousands of Reais)

|  | Note  | Share capital | Capital reserve | Revaluation reserve in subsidiaries | Profit reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Total      |
|--|-------|---------------|-----------------|-------------------------------------|----------------|-----------------------|------------------------------------|-------------------|------------|
| Balance at June 30, 2010   |       | 3,696,773     | 1,576           | 7,873                               | 1,133,734      | (3,850)               | (19,708)                           | 252,185           | 5,068,583  |
| Realization of revaluation reserve   | 19.d) | -             | -               | (142 )                              | -              | -                     | -                                  | 142               | -          |
| Dividends  | -     | -             | -               | -                                   | -              | -                     | -                                  | (176,815)         | (176,815 ) |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 19.d) | -             | -               | -                                   | -              | -                     | -                                  | (55 )             | (55 )      |
| Valuation adjustments for financial instruments  | 3.c)  | -             | -               | -                                   | -              | (2,446)               | -                                  | -                 | (2,446 )   |
| Currency translation of foreign subsidiaries   | 3.o)  | -             | -               | -                                   | -              | -                     | (2,609 )                           | -                 | (2,609 )   |
| Treasury shares  | -     | -             | 149             | -                                   | 644            | -                     | -                                  | -                 | 793        |
| Changes on non-controlling interest by subsidiaries  | -     | -             | -               | -                                   | -              | -                     | -                                  | 1,511             | 1,511      |
| Net income for the period  | -     | -             | -               | -                                   | -              | -                     | -                                  | 202,617           | 202,617    |
| Balance at September 30, 2010  |       | 3,696,773     | 1,725           | 7,731                               | 1,134,378      | (6,296)               | (22,317)                           | 279,585           | 5,091,579  |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the quarters ended September 30, 2010 and 2009

(In thousands of Reais)

|   | Note  | Parent     |            | Consolidated |            |
|---|-------|------------|------------|--------------|------------|
|   |       | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009 |
| Cash flows from operating activities  |       |            |            |              |            |
| Net income for the period   |       | 202,617    | 121,435    | 202,617      | 121,435    |
| Adjustments to reconcile net income to cash provided by operating activities  |       |            |            |              |            |
| Equity in income of subsidiaries and affiliates                               | 12    | (198,124 ) | (137,621 ) | 22           | (56 )      |
| Depreciation and amortization   |       | -          | -          | 132,880      | 145,412    |
| PIS and COFINS credits on depreciation  |       | -          | -          | 2,415        | 2,543      |
| Expense with tanks removed  |       | -          | -          | (1,884 )     | (611 )     |
| Interest, monetary and exchange rate changes                                  |       | 12,176     | 14,735     | 106,404      | 9,135      |
| Deferred income and social contribution taxes                                 | 10.b) | (14 )      | 347        | 35,084       | 17,665     |
| Non-controlling interest in income  |       | -          | -          | 1,513        | 1,005      |
| Income on sale of property, plant and equipment                               |       | -          | -          | (15,869 )    | (6,245 )   |
| Provision (release of provision) for loss on of property, plant and equipment |       | -          | -          | 23           | -          |
| Others  |       | -          | -          | 522          | 1,466      |
| Dividends received from subsidiaries  |       | 176,815    | 3,000      | -            | -          |
| (Increase) decrease in current assets   |       |            |            |              |            |
| Trade accounts receivable   | 6     | -          | -          | (42,665 )    | 25,739     |
| Inventories   | 7     | -          | -          | (67,813 )    | 55,100     |
| Recoverable taxes   | 8     | 67         | 2,445      | (33,914 )    | 16,291     |
| Other receivables   |       | 155        | 65         | 2,606        | 5,958      |
| Prepaid expenses  | 11    | -          | -          | 9,763        | 22,029     |
| Increase (decrease) in current liabilities                                    |       |            |            |              |            |
| Trade payables  |       | (160 )     | (113 )     | 86,479       | 45,196     |
| Wages and employee benefits   |       | -          | (36 )      | 37,043       | 28,136     |
| Taxes payable   |       | (11 )      | 1,872      | 18,112       | 19,313     |
| Income and social contribution taxes  |       | -          | -          | 2,877        | 711        |
| Other payables  |       | 1          | (610 )     | (3,760 )     | 8,251      |
| (Increase) decrease in long-term assets                                       |       |            |            |              |            |
| Trade accounts receivable   | 6     | -          | -          | (44 )        | (2,592 )   |
| Recoverable taxes   | 8     | (7,018 )   | (5,170 )   | (3,156 )     | (4,779 )   |
| Amounts in escrow   |       | -          | 33         | (29,675 )    | (14,691 )  |
| Other receivables   |       | -          | -          | 158          | 778        |
| Prepaid expenses  | 11    | -          | -          | 160          | (10,902 )  |

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|  |         |     |           |         |
|--|---------|-----|-----------|---------|
| Increase (decrease) in long-term liabilities |         |     |           |         |
| Provision for contingencies                  | 52      | 66  | (47,563 ) | 4,395   |
| Other payables                               | -       | -   | 8,359     | 13,790  |
| Net cash provided by operating activities    | 186,556 | 448 | 400,694   | 504,472 |

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## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the quarters ended September 30, 2010 and 2009

(In thousands of Reais)

|  | Note | Parent     |            | Consolidated |            |
|--|------|------------|------------|--------------|------------|
|  |      | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009 |
| Cash flows from investing activities   |      |            |            |              |            |
| Financial investments, net of redemptions  |      | (16,213 )  | 42,015     | 66,158       | 5,433      |
| Disposal (acquisition) of investments, net   | 12   | -          | -          | 82,200       | (165,863 ) |
| Cash of acquired subsidiaries  |      | -          | -          | (2,417 )     | -          |
| Capital contributions to subsidiaries  | 12   | -          | -          | -            | -          |
| Capital reduction of subsidiaries  |      | -          | -          | -            | -          |
| Acquisition of property, plan and equipment  | 13   | -          | -          | (151,646 )   | (112,631 ) |
| Acquisition of intangible assets   | 14   | -          | -          | (62,476 )    | (35,589 )  |
| Proceed on sale of property, plant and equipment                                     |      | -          | -          | 4,011        | 9,237      |
| Net cash provided by (used in) investing activities                                  |      | (16,213 )  | 42,015     | (64,170 )    | (299,413 ) |
| Cash flows from financing activities   |      |            |            |              |            |
| Financing and debentures   |      |            |            |              |            |
| Fund raising   | 16   | -          | 1,334      | 90,223       | 414,725    |
| Amortization   | 16   | -          | (307 )     | (185,903 )   | (226,746 ) |
| Payment of financial lease   | 16   | -          | -          | (2,856 )     | (3,579 )   |
| Dividends paid   |      | (176,045 ) | (118,883 ) | (175,999 )   | (119,260 ) |
| Acquisition of non-controlling interests   |      | -          | -          | -            | -          |
| Related entities   | 9.a) | 45,872     | 10,800     | 30           | (1,440 )   |
| Net cash provided by (used in) financing activities                                  |      | (130,173 ) | (107,056 ) | (274,505 )   | 63,700     |
| Effect of changes in exchange rates on cash and cash equivalents in foreign currency |      |            |            |              |            |
|  |      | -          | -          | (300 )       | (2,145 )   |
| Increase (decrease) in cash and cash equivalents                                     |      | 40,170     | (64,593 )  | 61,719       | 266,614    |
| Cash and cash equivalents at the beginning of period                                 | 5    | 421,683    | 163,195    | 2,446,702    | 1,189,778  |
| Cash and cash equivalents at the end of period                                       | 5    | 461,853    | 98,602     | 2,508,421    | 1,456,392  |

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





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Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

For the nine-month ended September 30, 2010 and 2009

(In thousands of Reais)

|   | Note  | Parent     |            | Consolidated |            |
|---|-------|------------|------------|--------------|------------|
|   |       | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009 |
| Cash flows from operating activities  |       |            |            |              |            |
| Net income for the period   |       | 518,178    | 300,573    | 518,178      | 300,573    |
| Adjustments to reconcile net income to cash provided by                       |       |            |            |              |            |
| operating activities  |       |            |            |              |            |
| Equity in income of subsidiaries and affiliates                               | 12    | (513,021 ) | (361,418 ) | 160          | (95 )      |
| Depreciation and amortization   |       | -          | -          | 396,672      | 386,967    |
| PIS and COFINS credits on depreciation  |       | -          | -          | 7,084        | 7,681      |
| Expense with tanks removed  |       | -          | -          | (4,694 )     | (2,081 )   |
| Interest, monetary and exchange rate changes                                  |       | 30,506     | 79,001     | 303,904      | 31,703     |
| Deferred income and social contribution taxes                                 | 10.b) | 38         | 8          | 98,836       | 16,342     |
| Non-controlling interest in income  |       | -          | -          | (397 )       | 3,713      |
| Income on sale of property, plant and equipment                               |       | -          | -          | (14,095 )    | (15,783 )  |
| Provision (release of provision) for loss on of property, plant and equipment |       | -          | -          | 23           | -          |
| Others  |       | -          | -          | (206 )       | 1,839      |
| Dividends received from subsidiaries  |       | 464,803    | 225,281    | -            | -          |
| (Increase) decrease in current assets   |       |            |            |              |            |
| Trade accounts receivable   | 6     | -          | -          | (55,330 )    | 110,946    |
| Inventories   | 7     | -          | -          | (109,633 )   | 401,115    |
| Recoverable taxes   | 8     | 6,622      | (12,844 )  | (24,259 )    | 51,206     |
| Other receivables   |       | (660 )     | 265        | 19,724       | 76,778     |
| Prepaid expenses  | 11    | -          | -          | (5,401 )     | 2,104      |
| Increase (decrease) in current liabilities                                    |       |            |            |              |            |
| Trade payables  |       | (9,970 )   | (257 )     | (117,994 )   | (152,408 ) |
| Wages and employee benefits   |       | 10         | 11         | 27,744       | (9,442 )   |
| Taxes payable   |       | (1,403 )   | 1,788      | 45,605       | 46,828     |
| Income and social contribution taxes  |       | 5          | -          | 24,144       | (3,333 )   |
| Other payables  |       | (632 )     | (648 )     | (23,750 )    | (33,396 )  |
| (Increase) decrease in long-term assets                                       |       |            |            |              |            |
| Trade accounts receivable   | 6     | -          | -          | 17,379       | (10,932 )  |
| Recoverable taxes   | 8     | (23,858 )  | (9,685 )   | (28,106 )    | 6,353      |
| Amounts in escrow   |       | (15 )      | (24 )      | (53,908 )    | (31,477 )  |
| Other receivables   |       | -          | -          | 692          | 1,297      |
| Prepaid expenses  | 11    | -          | -          | 5,815        | (8,387 )   |

|  |         |         |           |           |
|--|---------|---------|-----------|-----------|
| Increase (decrease) in long-term liabilities |         |         |           |           |
| Provision for contingencies                  | 137     | 231     | (79,914 ) | 56,808    |
| Other payables                               | -       | -       | 18,914    | 10,306    |
| Net cash provided by operating activities    | 470,740 | 222,282 | 967,187   | 1,245,225 |

## Ultrapar Participações S.A. and Subsidiaries

## Statements of cash flows - Indirect method

For the nine-months ended September 30, 2010 and 2009

(In thousands of Reais)

|  | Note | Parent     |             | Consolidated |             |
|--|------|------------|-------------|--------------|-------------|
|  |      | 09/30/2010 | 09/30/2009  | 09/30/2010   | 09/30/2009  |
| Cash flows from investing activities   |      |            |             |              |             |
| Financial investments, net of redemptions  |      | (72,974 )  | (707,985 )  | (66,987 )    | 456,096     |
| Disposal (acquisition) of investments, net   | 12   | -          | 57,881      | 82,200       | (1,355,509) |
| Cash of acquired subsidiaries  |      | -          | -           | (2,417 )     | 29,442      |
| Capital contributions to subsidiaries  | 12   | (200,000 ) | -           | -            | -           |
| Capital reduction of subsidiaries  |      | 450,000    | -           | -            | -           |
| Acquisition of property, plant and equipment   | 13   | -          | -           | (480,254 )   | (325,754 )  |
| Acquisition of intangible assets   | 14   | -          | -           | (172,702 )   | (101,261 )  |
| Proceed on sale of property, plant and equipment                                     |      | -          | -           | 11,684       | 30,416      |
| Net cash provided by (used in) investing activities                                  |      | 177,026    | (650,104 )  | (628,476 )   | (1,266,570) |
| Cash flows from financing activities   |      |            |             |              |             |
| Financing and debentures   |      |            |             |              |             |
| Fund raising   | 16   | -          | 1,175,858   | 2,227,300    | 2,277,487   |
| Amortization   | 16   | -          | (1,266,683) | (1,579,406)  | (1,815,488) |
| Payment of financial lease   | 16   | -          | -           | (9,257 )     | (10,401 )   |
| Dividends paid   |      | (334,827 ) | (237,377 )  | (339,253 )   | (241,735 )  |
| Acquisition of non-controlling interest  |      | -          | -           | (28 )        | -           |
| Reduction of non-controlling interest  |      | -          | -           | (11,369 )    | -           |
| Related entities   | 9.a) | 89,988     | 75,635      | (2,587 )     | (1,688 )    |
| Net cash provided by (used in) financing activities                                  |      | (244,839 ) | (252,567 )  | 285,400      | 208,175     |
| Effect of changes in exchange rates on cash and cash equivalents in foreign currency |      | -          | -           | (3,189 )     | (5,491 )    |
| Increase (decrease) in cash and cash equivalents                                     |      | 402,927    | (680,389 )  | 620,922      | 181,339     |
| Cash and cash equivalents at the beginning of period                                 | 5    | 58,926     | 778,991     | 1,887,499    | 1,275,053   |
| Cash and cash equivalents at the end of period                                       | 5    | 461,853    | 98,602      | 2,508,421    | 1,456,392   |

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



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

1 Operations

Ultrapar Participações S.A. (“Company”), with headquarters in the City of São Paulo, engages in the investment of its own capital in commercial and industrial activities 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 First-time adoption of the new pronouncements issued by the Accounting Pronouncements Committee (“CPC”)

In order to bring about convergence of the Brazilian accounting rules and the International Financial Reporting Standards (“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 2010 (“New BR GAAP”).

2.1 Transition basis for the adoption of the new CPC pronouncements

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 its opening balance sheet in accordance with the pronouncements of the New BR GAAP. The interim financial statements as of September 30, 2010, are being stated according to the New BR GAAP, as well as 2009 information included therein, as described in Note 3.

The Company’s individual and consolidated financial statements for the year ended December 31, 2010 will be the first annual financial statements under the New BR GAAP.

On the transition date, the Company applied CPC 43 (First-Time Adoption of CPC Technical Pronouncements 15 to 40), which establishes the steps to be followed for the adoption of the new pronouncements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

With the purpose of making 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 application of CPC 37 (First-Time Adoption of International Accounting Standards) – equivalent to IFRS 1 (First-Time Adoption of IFRS) – which provides exceptions to and optional exemptions from the retrospective application of the accounting standards.

The Company has applied certain optional exemptions with regard to the full retrospective application of the standards, as summarized below:

a. Exemption related to business combination 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. The main business combinations performed by the Company before the transition date were the acquisitions of Ipiranga in 2007 and União Terminais in 2008.

As permitted by CPC 37, 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 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

For New BR GAAP purposes, the Company and its subsidiaries identified the need to include in property, plant and equipment the estimated cost to remove, for decommissioning or restoration purposes, 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 the tanks existing on January 1, 2009 based on the costs at the acquisition time of the respective tanks for recognition in property, plant and equipment. The amount added to 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 related to the capitalization of borrowing costs

Regarding borrowing costs incurred before January 1, 2009 and capitalized according to the prior accounting standards, the Company and its subsidiaries opted for the exemption that allows such costs to be written off in the opening balance sheet against retained earnings, instead of recalculating them on a retroactive basis according to the new rules applicable to the capitalization of borrowing costs.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## d. Exemption related to deemed cost

When recording the initial balance of property, plant and equipment upon the first-time adoption of CPC 27 (Property, Plant and Equipment) and ICPC 10 (Interpretation of the First-Time Adoption of Pronouncements CPCs 27, 28, 37 and 43 to Property, Plant and Equipment and Investment Property), the Company and its subsidiaries chose not to revise the historical costs of items of property, plant and equipment and not to use the deemed cost, as set forth in paragraphs 20 to 29 of ICPC 10.

## 2.2 Conciliation between previous GAAP and New BR GAAP

|  | September 30,<br>2010 | September 30,<br>2009 |
|--|-----------------------|-----------------------|
| Shareholders' equity   |                       |                       |
| Shareholders' equity under previous GAAP                                 | 5,183,350             | 4,836,284             |
| Adoption of New BR GAAP effects:   |                       |                       |
| a) Recognition of provision for assets retirement obligation             | (35,694 )             | (37,621 )             |
| b) Measurement of property, plant and equipment:                         |                       |                       |
| b.1) Borrowing costs capitalization                                      | (24,337 )             | (27,806 )             |
| b.2) Recognition of inflation 1996/1997                                  | 14,030                | 15,509                |
| c) Write-off of investments in progress                                  | (21,513 )             | (21,281 )             |
| d) Recognition of provision for contingencies                            | (8,458 )              | (7,720 )              |
| e) Business Combination –Texaco acquisition                              | (71,082 )             | (49,219 )             |
| f) Loyalty program   | (10,348 )             | (5,055 )              |
| g) Other effects, net  | 3,170                 | 2,993                 |
| h) Deferred income and social contribution taxes                         | 39,228                | 60,772                |
| Total  | (115,004 )            | (69,428 )             |
| Shareholders' equity, excluding non-controlling interest in subsidiaries | 5,068,346             | 4,766,856             |
| i) Non-controlling interest in subsidiaries in the shareholders' equity  | 23,233                | 39,527                |
| Shareholders' equity under New BR GAAP                                   | 5,091,579             | 4,806,383             |



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | Period ended<br>September<br>30,<br>2010 | Period ended<br>September<br>30,<br>2009 |
|--|--|--|
| Net income   |  |  |
| Net income under previous GAAP                                 | 547,876                                  | 317,919                                  |
| Adoption of New BR GAAP effects:                               |  |  |
| a) Recognition of provision for assets retirement obligation   | 2,313                                    | (848 )                                   |
| b) Measurement of property, plant and equipment:               |  |  |
| b.1) Borrowing costs capitalization                            | 3,082                                    | 2,266                                    |
| b.2) Recognition of inflation 1996/1997                        | (586 )                                   | (1,965 )                                 |
| c) Write-off of investments in progress                        | (121 )                                   | (281 )                                   |
| d) Recognition of provision for contingencies                  | (553 )                                   | (529 )                                   |
| e) Business Combination –Texaco acquisition                    | (21,272 )                                | (17,427 )                                |
| f) Loyalty program   | (422 )                                   | (5,055 )                                 |
| g) Other effects, net  | 1,690                                    | 4,030                                    |
| h) Deferred income and social contribution taxes               | (13,829 )                                | 2,463                                    |
| Total  | (29,698 )                                | (17,346 )                                |
| Net income, excluding non-controlling interest in subsidiaries | 518,178                                  | 300,573                                  |
| i) Non-controlling interest in subsidiaries in the net income  | (397 )                                   | 3,713                                    |
| Net income under New BR GAAP                                   | 517,781                                  | 304,286                                  |

The notes below describe the main effects resulting from the adoption of the New BR GAAP:

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 New BR GAAP purposes, a provision must be recognized 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 interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Measurement of property, plant and equipment

b.1) Under 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 CPC 20 (Borrowing Costs). Borrowing costs capitalized in accordance with the prior accounting practices were written off in the opening balance sheet (see Note 2.1.c).

b.2) 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

For the prior accounting practices purposes, the Company capitalized the following items:

- Sundry expenses incurred for Texaco acquisition, which were integrated into goodwill; and
- Expenses on the Comperj project, which is related to the future development of a joint business with other companies for the construction of a petrochemical complex.

For New BR GAAP purposes, the expenses described above do not meet the conditions for capitalization and must be recognized in income when incurred.

d. Recognition of provisions for contingencies

For New BR GAAP purposes, a provision for contingencies is recognized when the probability that an obligation exists exceeds 50%, while, under the prior accounting practices, a provision was recognized when the likelihood of loss was deemed probable.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## e. 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 for an amount of R\$ 1,355,509. This acquisition allowed an expansion of the Company's fuel and lubricant distribution business to the Central-West, Northeast and North Regions of Brazil and an increase in its operating scale, which resulted in benefits for the Company and its resellers, customers, consumers and community.

For the prior accounting practices purposes, 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 New BR GAAP 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 entity 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 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim 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,<br>net of deferred taxes effects  | 264,327    |
| Goodwill difference between New BR GAAP and prior<br>accounting practices   | (86,568 )  |
| Goodwill recorded under New BR GAAP   | 177,759    |
| Difference between the market value and the carrying value of<br>the assets (treated similarly between prior accounting practices<br>and New BR GAAP) | 344,418    |

## f. 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 New BR GAAP 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.

## g. Other effects, net

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

## 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) above.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

i. Presentation of non-controlling interests in subsidiaries

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

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

Furthermore, for consistency with the New BR GAAP and for a better presentation of the financial statements, certain reclassifications between accounts were made in the balance sheet, in the statement of income and in the statement of cash flows, which had been previously published.

3 Presentation of interim financial statements and summary of main accounting practices

The interim financial statements were prepared according to the New BR GAAP, which includes the Brazilian Corporate Law, the standards, guidelines and interpretations issued by the Brazilian Accounting Standards Committee and the rules issued by the CVM, including the CPC's issued in 2009 and 2010, which are applicable in 2010 (see Note 2).

The Company's financial statements prepared under the New BR GAAP have only one difference from the IFRS, as expressly permitted by CPC 43, relating to the deferred charges accounted for by the Company, which, on the date of adoption of IFRS, were written off in the opening balance sheet, and the respective amortization was reversed in the subsequent periods(see Note 3.i).

The following is a summary of significant accounting practices followed in the preparation of the financial statements:

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

a. Recognition of income

Income is recognized on the accrual basis. Revenues from sales and costs are recognized as income when all risks and benefits associated with the products are transferred to the purchaser. Revenues from services provided and their costs are recognized as income when the services are performed. 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 5 for further detail on cash equivalents of the Company and its subsidiaries.

c. Financial instruments

In accordance with Resolution CVM 604/09, 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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. Gains and losses recorded in the shareholders' equity are included in income, in case of financial instruments prepayment.

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 5, 16, and 23.

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 or market 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 3.r).

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 12).

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





## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 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).

Depreciations are calculated using the straight-line method, for the periods mentioned in Note 13, taking into account the economic life of the assets, as periodically revised in accordance with ICPC 10 and applied on January 1, 2010. The methodology applied by the independent valuer 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 assets. The following groups were subject to revision:

|   | Weighted<br>average term of<br>depreciation<br>(years) -<br>previous | Weighted<br>average term of<br>depreciation<br>(years) - revised |
|---|--|--|
| Buildings   | 25   | 25   |
| Leasehold improvements  | 14   | 11   |
| Machinery and equipment                                       | 10   | 11   |
| Light fuel/lubricant distribution<br>equipment and facilities | 10   | 14   |
| LPG tanks and bottles   | 10   | 13   |
| Vehicles  | 5  | 8  |
| IT equipment  | 5  | 5  |

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

## 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 13. 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 16.g).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- 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 24.d).

h. Intangible assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the following criteria (see Note 14):

- Goodwill is carried at the original value net of income and social contribution taxes less 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 CPC 15, 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 do not have intangible assets that were created internally or that have an indefinite useful life.

i. Deferred charges

Deferred charges include restructuring costs incurred up to December 31, 2008, that will produce benefits in future years (see Note 15). As permitted by the CPC 43, the Company and its subsidiaries decided to maintain the balances existing as of December 31, 2008 until they are fully amortized and, therefore, the financial statements under New BR GAAP contain this temporary difference in relation to IFRS.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

j. 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 interim 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.

k. 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 10.b).

l. 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 the tanks are installed. The amount is recorded in assets 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.

m. 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 managers and internal and external legal counsel, and the values are recorded based on evaluation of the outcomes of the legal proceedings (see Note 24.a).

n. 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 25.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

o. Basis for translating interim 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 interim 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 the shareholders' equity as cumulative translation adjustments as of September 30, 2010 was R\$ 22,317 of exchange rate loss (R\$ 19,708 loss as of June 30, 2010).

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 September 30, 2010 amounted to R\$ 1,029 (R\$ 10,079 loss as of September 30, 2009).

p. Use of estimates

The preparation of interim financial statements requires the Company's management to make estimates and assumptions that affect the values of assets and liabilities presented as of the date of the interim financial statements, as well as the values of revenues, costs and expenses for the periods presented. Although these estimates are based on the best information available to management about present and future events, the actual results may differ from these estimates.

q. Impairment of assets

The Company reviews, at least annually, the carrying value of assets for 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.

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 8). 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.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 4 Principles of consolidation and investments in affiliates

The consolidated interim financial statements were prepared following the basic principles of consolidation established by the Brazilian Corporate Law and CVM rules, including the following direct and indirect subsidiaries:

|   | Location       | % interest in the share capital Sep. 30, 2010 |                  | % interest in the share capital Jun. 30, 2010 |                  |
|---|----------------|---|------------------|---|------------------|
|   |                | Direct control                                | Indirect control | Direct control                                | Indirect control |
| Ultracargo - Operações Logísticas e Participações Ltda.     | Brazil         | 100   | -                | 100   | -                |
| Terminal Químico de Aratu S.A. – Tequimar                   | Brazil         | -   | 99               | -   | 99               |
| Transultra - Armazenamento e Transporte Especializado Ltda. | Brazil         | -   | -                | -   | 100              |
| Petrolog Serviços e Armazéns Gerais Ltda.                   | Brazil         | -   | -                | -   | 100              |
| AGT – Armazéns Gerais e Transportes Ltda.                   | Brazil         | -   | -                | -   | 100              |
| União Vopak Armazéns Gerais Ltda. (*)                       | Brazil         | -   | 50               | -   | 50               |
| Ultracargo Argentina S.A.                                   | Argentina      | -   | 100              | -   | 100              |
| Melamina Ultra S.A. Indústria Química                       | Brazil         | -   | 99               | -   | 99               |
| Oxiten S.A. Indústria e Comércio                            | Brazil         | 100   | -                | 100   | -                |
| Oxiten Nordeste S.A. Indústria e Comércio                   | Brazil         | -   | 99               | -   | 99               |
| Oxiten Argentina Sociedad de Responsabilidad Ltda.          | Argentina      | -   | 100              | -   | 100              |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil         | -   | 100              | -   | 100              |
| Barrington S.L.   | Spain          | -   | 100              | -   | 100              |
| Oxiten México S.A. de C.V.                                  | Mexico         | -   | 100              | -   | 100              |
| Oxiten Servicios Corporativos S.A. de C.V.                  | Mexico         | -   | 100              | -   | 100              |
| Oxiten Servicios Industriales S.A. de C.V.                  | Mexico         | -   | 100              | -   | 100              |
| Oxiten USA LLC  | United States  | -   | 100              | -   | 100              |
| Global Petroleum Products Trading Corp. (**)                | Virgin Islands | -   | 100              | -   | 100              |

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|  |                |     |     |     |     |
|--|----------------|-----|-----|-----|-----|
| Oxiteno Overseas Corp.                             | Virgin Islands | -   | 100 | -   | 100 |
| Oxiteno Andina, C.A.                               | Venezuela      | -   | 100 | -   | 100 |
| Oxiteno Europe SPRL                                | Belgium        | -   | 100 | -   | 100 |
| U.A.T.S.P.E. Empreendimentos e Participações Ltda. | Brazil         | -   | -   | -   | 100 |
| Empresa Carioca de Produtos Químicos S.A.          | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Produtos de Petróleo S.A.                 | Brazil         | 100 | -   | 100 | -   |
| am/pm Comestíveis Ltda.                            | Brazil         | -   | 100 | -   | 100 |
| Centro de Conveniências Millennium Ltda.           | Brazil         | -   | 100 | -   | 100 |
| Conveniência Ipiranga Norte Ltda.                  | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Trading Limited                           | Virgin Islands | -   | 100 | -   | 100 |
| Tropical Transportes Ipiranga Ltda.                | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Imobiliária Ltda.                         | Brazil         | -   | 100 | -   | 100 |
| Ipiranga Logística Ltda.                           | Brazil         | -   | 100 | -   | 100 |
| Maxfácil Participações S.A. (*)                    | Brazil         | -   | 50  | -   | 50  |
| Isa-Sul Administração e Participações Ltda.        | Brazil         | -   | 100 | -   | 100 |
| Companhia Ultragaz S.A.                            | Brazil         | -   | 99  | -   | 99  |
| Bahiana Distribuidora de Gás Ltda.                 | Brazil         | -   | 100 | -   | 100 |
| Utingás Armazenadora S.A.                          | Brazil         | -   | 56  | -   | 56  |
| LPG International Inc.                             | Cayman Islands | -   | 100 | -   | 100 |
| Imaven Imóveis Ltda.                               | Brazil         | -   | 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 |
| Refinaria de Petróleo Riograndense S.A. (*)        | Brazil         | 33  | -   | 33  | -   |

(\*) Proportionate consolidation, as specified in Article 32 of Instruction CVM 247/96.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

On July 1, 2010, the sale of Ultracargo - Operações Logísticas e Participações Ltda.'s ("Ultracargo Participações") 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. and Petrolog Serviços e Armazéns Gerais Ltda. to Aqces Logística Internacional Ltda. and the receipt of R\$ 74 million by Ultracargo, in addition to the R\$ 8 million deposit received upon the announcement of the transaction on March 31, 2010.

In July 2010, in order to simplify the corporate structure, the subsidiary Sociedade Anônima de Óleo Galena – Signal was merged into subsidiary Ipiranga Produtos de Petróleo S.A. ("IPP").

In August 2010, in order to simplify the corporate structure, the subsidiary U.A.T.S.P.E. Empreendimentos e Participações Ltda. ("U.A.T.S.P.E.") was merged into subsidiary Oxiteno S.A. Indústria e Comércio ("Oxiteno S.A.").

In September 2010, in order to simplify the corporate structure, the subsidiary Transultra Armazenamento e Transporte Especializado Ltda. ("Transultra") was merged into subsidiary Terminal Químico de Aratu S.A. – Tequimar ("Tequimar").

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 by subsidiaries is indicated in the interim financial statements.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 5 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     |                  |
|--|----------------|----------------|------------------|------------------|
|  | 09/30/2010     | 06/30/2010     | 09/30/2010       | 06/30/2010       |
| <b>Cash and banks</b>                  |                |                |                  |                  |
| In local currency                      | 111            | 243            | 65,594           | 65,061           |
| In foreign currency                    | -              | -              | 9,974            | 20,286           |
| <b>Financial investments</b>           |                |                |                  |                  |
| In local currency                      |                |                |                  |                  |
| Fixed-income securities and funds      | 461,742        | 421,440        | 2,432,853        | 2,361,355        |
| <b>Total cash and cash equivalents</b> | <b>461,853</b> | <b>421,683</b> | <b>2,508,421</b> | <b>2,446,702</b> |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim 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 |            |
|--|------------|------------|--------------|------------|
|  | 09/30/2010 | 06/30/2010 | 09/30/2010   | 06/30/2010 |
| Financial investments  |            |            |              |            |
| In local currency  |            |            |              |            |
| Fixed-income securities and funds                              | 72,974     | 56,761     | 278,248      | 352,862    |
| In foreign currency  |            |            |              |            |
| Fixed-income securities and funds                              | -          | -          | 205,413      | 212,623    |
| Income from currency and interest rate hedging instruments (a) | -          | -          | 30,774       | 15,111     |
| Total of financial investments                                 | 72,974     | 56,761     | 514,435      | 580,596    |
| Current  | 72,974     | 56,761     | 485,233      | 571,368    |
| Non-current  | -          | -          | 29,202       | 9,228      |

(a) Accumulated gains, net of income tax (see Note 23).

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 |            |
|---|--------------|------------|
|   | 09/30/2010   | 06/30/2010 |
| Measured at fair value through income   | 2,463,627    | 2,376,466  |
| Held to maturity                        | 7,193        | 7,193      |
| Available for sale                      | 476,468      | 558,292    |
| Financial assets, except cash and banks | 2,947,288    | 2,941,951  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 6 | Trade accounts receivable (Consolidated) | 09/30/2010 | 06/30/2010 |
|---|--|------------|------------|
|   | Domestic customers                       | 1,554,564  | 1,518,585  |
|   | Customer financing - Ipiranga            | 182,235    | 185,282    |
|   | Foreign customers                        | 112,550    | 114,018    |
|   | (-) Allowance for doubtful accounts      | (118,444 ) | (118,341 ) |
|   |  | 1,730,905  | 1,699,544  |
|   | Current                                  | 1,662,266  | 1,630,948  |
|   | Non-current                              | 68,639     | 68,596     |

Customer financing is provided for renovation and upgrading of service stations, purchase of products, and development of the fuel and lubricant distribution market.

Movements in the allowance for doubtful accounts are as follows:

|                                  |          |
|----------------------------------|----------|
| Balance as of June 30, 2010      | 118,341  |
| Additions                        | 4,668    |
| Write-offs                       | (4,565 ) |
| Balance as of September 30, 2010 | 118,444  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 7   | Inventories (Consolidated) |                    |             |            |                    |             |
|---|----------------------------|--------------------|-------------|------------|--------------------|-------------|
|   | 09/30/2010                 |                    |             | 06/30/2010 |                    |             |
|   | Cost                       | Provision for loss | Net balance | Cost       | Provision for loss | Net balance |
| Finished goods                              | 215,890                    | (13,425 )          | 202,465     | 218,918    | (14,470 )          | 204,448     |
| Work in process                             | 5,713                      | -                  | 5,713       | 2,746      | -                  | 2,746       |
| Raw materials                               | 144,088                    | (203 )             | 143,885     | 117,413    | (45 )              | 117,368     |
| Liquefied petroleum gas (LPG)               | 20,898                     | -                  | 20,898      | 25,423     | -                  | 25,423      |
| Fuels, lubricants and greases               | 559,808                    | (631 )             | 559,177     | 520,885    | (672 )             | 520,213     |
| Consumable materials and bottles for resale | 42,227                     | (989 )             | 41,238      | 37,594     | (979 )             | 36,615      |
| Advances to suppliers                       | 75,394                     | -                  | 75,394      | 68,123     | -                  | 68,123      |
| Properties for resale                       | 43,611                     | -                  | 43,611      | 49,588     | -                  | 49,588      |
|   | 1,107,629                  | (15,248 )          | 1,092,381   | 1,040,690  | (16,166 )          | 1,024,524   |

Movements in the provision for loss are as follows:

|                                  |          |
|----------------------------------|----------|
| Balance as of June 30, 2010      | 16,166   |
| Additions                        | 1,197    |
| Write-offs                       | (2,115 ) |
| Balance as of September 30, 2010 | 15,248   |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 8 Recoverable taxes

Are substantially represented by credit balances of Tax on Goods and Services (ICMS), Taxes for Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), and Income and Social Contribution Taxes (IRPJ and CSLL).

|  | Parent        |               | Consolidated   |                |
|--|---------------|---------------|----------------|----------------|
|  | 09/30/2010    | 06/30/2010    | 09/30/2010     | 06/30/2010     |
| IRPJ and CSLL  | 72,599        | 65,650        | 157,304        | 130,449        |
| ICMS   | -             | -             | 223,944        | 226,789        |
| Provision for ICMS losses (*)  | -             | -             | (61,830 )      | (62,859 )      |
| Adjustment to present value of ICMS on property, plant and equipment - CIAP (see Notes 3.r)    | -             | -             | (3,694 )       | (3,614 )       |
| PIS and COFINS   | 21            | 21            | 89,215         | 79,290         |
| Value-Added Tax (IVA) on the subsidiaries Oxiteno Mexico S.A. de C.V. and Oxiteno Andina, C.A. | -             | -             | 9,693          | 9,610          |
| IPI  | -             | -             | 4,070          | 3,435          |
| Others   | 21            | 20            | 6,660          | 5,747          |
| <b>Total</b>   | <b>72,641</b> | <b>65,691</b> | <b>425,362</b> | <b>388,847</b> |
| <b>Current</b>   | <b>31,623</b> | <b>31,690</b> | <b>343,945</b> | <b>310,506</b> |
| <b>Non-current</b>   | <b>41,018</b> | <b>34,001</b> | <b>81,417</b>  | <b>78,341</b>  |

(\*) The provision for ICMS losses relates to credit balances that the subsidiaries estimate to be unable to offset in the future.

Movements in the provision for ICMS losses are as follows:

|                                  |          |
|----------------------------------|----------|
| Balance as of June 30, 2010      | 62,859   |
| Additions                        | 2,028    |
| Write-offs                       | (3,057 ) |
| Balance as of September 30, 2010 | 61,830   |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 9 Related parties

## a. Related companies

|                                    | Debtures<br>Assets | Parent<br>Financial<br>income |
|------------------------------------|--------------------|-------------------------------|
| Ipiranga Produtos de Petróleo S.A. | 750,000            | 79,171                        |
| Total as of September 30, 2010     | 750,000            | 79,171                        |
| Total as of June 30, 2010          | 770,674            |                               |
| Total as of September 30, 2009     |                    | 52,519                        |

|  | Loans  |             | Consolidated<br>Commercial transactions |         |
|--|--------|-------------|---|---------|
|  | Assets | Liabilities | Receivable                              | Payable |
| Braskem S.A.                               | -      | -           | -                                       | 6,083   |
| Copagaz Distribuidora de Gas Ltda.         | -      | -           | 322                                     | -       |
| Liquigás Distribuidora S.A.                | -      | -           | 476                                     | -       |
| Oxicap Indústria de Gases Ltda.            | 9,654  | -           | -                                       | 1,180   |
| Petróleo Brasileiro S.A. – Petrobras       | -      | -           | -                                       | 223,486 |
| Quattor Química S.A.                       | -      | -           | -                                       | 2,192   |
| Química da Bahia Indústria e Comércio S.A. | -      | 3,195       | -                                       | -       |
| Refinaria de Petróleo Riograndense S.A.(*) | -      | -           | -                                       | 6,632   |
| SHV Gás Brasil Ltda.                       | -      | -           | 260                                     | -       |
| Other                                      | 490    | 834         | 65                                      | -       |
| Total as of September 30, 2010             | 10,144 | 4,029       | 1,123                                   | 239,573 |
| Total as of June 30, 2010                  | 10,174 | 4,021       | 711                                     | 266,199 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | Consolidated Transactions |                   |
|---|---------------------------|-------------------|
|   | Sales                     | Purchases         |
| Braskem S.A.                                | 11,409                    | 480,446           |
| Copagaz Distribuidora de Gas Ltda.          | 2,943                     | -                 |
| Liquigás Distribuidora S.A.                 | 4,051                     | -                 |
| Oxicap Indústria de Gases Ltda.             | 5                         | 10,011            |
| Petróleo Brasileiro S.A. – Petrobras        | 95,413                    | 18,599,994        |
| Quattor Química S.A.                        | 13,957                    | 137,190           |
| Refinaria de Petróleo Riograndense S.A. (*) | -                         | 632,777           |
| Servgás Distribuidora de Gas S.A.           | 893                       | -                 |
| SHV Gás Brasil Ltda.                        | 1,891                     | -                 |
| <b>Total as of September 30, 2010</b>       | <b>130,562</b>            | <b>19,860,418</b> |
| <b>Total as of September 30, 2009</b>       | <b>75,552</b>             | <b>16,802,190</b> |

(\*)Relates to the non-eliminated portion of the transactions between RPR and IPP, since RPR is proportionally consolidated and IPP is fully consolidated.

Purchase and sale transactions relate substantially to the purchase of raw materials, inputs, transportation and storage services based on arm's length market prices and terms with customers and suppliers with comparable operational performance. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company's management, transactions with related parties are not subject to settlement risk, which is why no allowance for doubtful accounts or collaterals are provided. Collaterals provided by the Company in borrowings and financing of subsidiaries and affiliates are mentioned in Note 16.i.) The transactions of the Company and its subsidiaries related to post-employment benefits are described in Note 25.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Key management personnel - Compensation (Consolidated)

As of September 30, 2010, the Company and its subsidiaries recorded expenses for compensation of its key personnel (Company's directors and designated officers) in the amount of R\$ 31,189 (R\$ 16,593 as of September 30, 2009). Out of this total, R\$ 28,531 relates to short-term compensation (R\$ 15,195 as of September 30, 2009), R\$ 1,766 to compensation in stock (R\$ 966 as of September 30, 2009) and R\$ 892 (R\$ 432 as of September 30, 2009) to post-employment benefits.

## c. Stock compensation plan

At a Special General Meeting held on November 26, 2003, a benefit plan was approved for managers of the Company and its subsidiaries, which provides: (i) initial award of beneficial ownership of shares issued by the Company held in treasury by the subsidiaries at which the beneficiary managers are employed; and (ii) transfer of title to the shares within five to ten years after the initial award, subject to continuation of employment of the beneficiary manager with the Company and its subsidiaries. The total amount awarded to executives as of September 30, 2010, including tax charges, was R\$ 29,562 (R\$ 29,562 as of June 30, 2010). Such amount is being amortized over a period of five to ten years after the award, and amortization for the period ended in September 30, 2010 in the amount of R\$ 3,285 (R\$ 1,428 as of September 30, 2009) was recorded as operating expense for the year. The values of the awards were determined on the date of award based on the market value of these shares on the BM&FBovespa.

The chart below summarizes the information on the shares awarded to executives of the Company:

| Date of award     | Restricted shares awarded | Market value of shares (in R\$) | Total compensation costs, including taxes | Accumulated compensation costs recorded | Accumulated compensation costs not recorded |
|-------------------|---------------------------|---------------------------------|---|---|---|
| December 15, 2009 | 62,500                    | 83.00                           | 7,155                                     | (1,013 )                                | 6,142                                       |
| October 7, 2008   | 174,000                   | 39.97                           | 9,593                                     | (3,260 )                                | 6,333                                       |
| December 12, 2007 | 40,000                    | 64.70                           | 3,570                                     | (1,718 )                                | 1,852                                       |
| November 9, 2006  | 51,800                    | 46.50                           | 3,322                                     | (1,301 )                                | 2,021                                       |
| December 14, 2005 | 23,400                    | 32.83                           | 1,060                                     | (512 )                                  | 548   |
| October 4, 2004   | 41,975                    | 40.78                           | 2,361                                     | (1,418 )                                | 943   |
| December 17, 2003 | 59,800                    | 30.32                           | 2,501                                     | (1,709 )                                | 792   |
|                   | 453,475                   |                                 | 29,562                                    | (10,931 )                               | 18,631                                      |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 10 Income and social contribution taxes

## a. Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to limitation periods, resulting from tax losses, temporary additions, negative tax bases and revaluation of property, plant and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred income tax and social contribution are recorded under the following categories:

|   | Parent     |            | Consolidated   |                |
|---|------------|------------|----------------|----------------|
|   | 09/30/2010 | 06/30/2010 | 09/30/2010     | 06/30/2010     |
| <b>Assets - Deferred income and social contribution taxes on:</b>             |            |            |                |                |
| Provision for loss of assets  | -          | -          | 27,214         | 25,012         |
| Provisions for contingencies  | 193        | 176        | 60,784         | 54,858         |
| Provision for post-employment benefit (see Note 25.b)                         | -          | -          | 29,194         | 29,165         |
| Provision for differences between cash and accrual basis                      | -          | -          | 16,335         | 11,888         |
| Provision for goodwill paid on investments (see Note 14)                      | -          | -          | 327,131        | 348,176        |
| Other provisions  | -          | 4          | 44,674         | 35,845         |
| Tax losses and negative basis for social contribution to offset               | -          | -          | 59,690         | 95,332         |
| Transition Tax Regime effect – adoption of New BRGAAP effect (see Note 2.2.h) | -          | -          | 39,228         | 44,442         |
| <b>Total</b>  | <b>193</b> | <b>180</b> | <b>604,250</b> | <b>644,718</b> |
| <b>Liabilities - Deferred income and social contribution taxes on:</b>        |            |            |                |                |
| Revaluation of property, plant and equipment                                  | -          | -          | 375            | 392            |
| Accelerated depreciation  | -          | -          | 115            | 117            |
| Provision for adjustments between cash and accrual basis                      | -          | -          | 9,642          | 5,303          |
| Temporary differences of foreign subsidiaries                                 | -          | -          | 1,879          | 2,928          |
| Transition Tax Regime effect – adoption Law 11638/07                          | -          | -          | 12,594         | 19,179         |
| <b>Total</b>  | <b>-</b>   | <b>-</b>   | <b>24,605</b>  | <b>27,919</b>  |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The estimated recovery of deferred tax assets relating to income and social contribution taxes is stated as follows:

|                    | Parent | Consolidated |
|--------------------|--------|--------------|
| Up to 1 year       | -      | 205,270      |
| From 1 to 2 years  | -      | 86,561       |
| From 2 to 3 years  | 193    | 109,536      |
| From 3 to 5 years  | -      | 154,253      |
| From 5 to 7 years  | -      | 34,121       |
| From 7 to 10 years | -      | 14,509       |
|                    | 193    | 604,250      |

## b. Reconciliation of income and social contribution taxes on income

Income and social contribution taxes are reconciled to the official tax rates as follows:

|   | Parent     |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2010 | 09/30/2009 | 09/30/2010   | 09/30/2009 |
| Income (loss) before taxes and equity in income of affiliates       | 7,791      | (59,246 )  | 724,384      | 436,674    |
| Official tax rates - %  | 34         | 34         | 34           | 34         |
| Income and social contribution taxes at the official tax rates      | (2,649 )   | 20,144     | (246,291 )   | (148,469 ) |
| Adjustments to the actual rate:                                     |            |            |              |            |
| Operating provisions and nondeductible expenses/nontaxable revenues | (4 )       | -          | 1,303        | (11,901 )  |
| Adjustment to estimated income                                      | -          | -          | 16,859       | 8,913      |
| Interest on equity  | -          | (21,760 )  | -            | -          |
| Workers Meal Program (PAT)  | -          | -          | 331          | 515        |
| Other adjustments   | 19         | 17         | (3,056 )     | 3,290      |
| Income and social contribution taxes before tax incentives          | (2,634 )   | (1,599 )   | (230,854 )   | (147,652 ) |
| Tax incentives - ADENE  | -          | -          | 24,411       | 15,169     |
| Income and social contribution taxes in the income statement        | (2,634 )   | (1,599 )   | (206,443 )   | (132,483 ) |
| Current   | (2,596 )   | (8 )       | (132,018 )   | (131,310 ) |
| Deferred  | (38 )      | (1,591 )   | (98,836 )    | (16,342 )  |

|                        |   |   |        |        |
|------------------------|---|---|--------|--------|
| Tax incentives - ADENE | - | - | 24,411 | 15,169 |
|------------------------|---|---|--------|--------|

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## c. Tax exemption

The following subsidiaries are entitled to partial or total exemption from IRPJ under the government's program for development of Northeastern Brazil:

| Subsidiary                                 | Units          | Incentive - % | Expiration |
|--|----------------|---------------|------------|
| Oxiteno Nordeste S.A. Indústria e Comércio | Camaçari plant | 75            | 2016       |
| Bahiana Distribuidora de Gás Ltda.         | Mataripe base  | 75            | 2013       |
|  | Suape base     | 75            | 2018       |
|  | Aracaju base   | 75            | 2017       |
|  | Caucaia base   | 75            | 2012       |
| Terminal Químico de Aratu S.A. – Tequimar  | Aratu terminal | 75            | 2012       |
|  | Suape terminal | 75            | 2015       |

## 11 Prepaid expenses (Consolidated)

|  | 09/30/2010 | 06/30/2010 |
|--|------------|------------|
| Rents  | 27,007     | 32,509     |
| Advertising and publicity                    | 5,959      | 11,808     |
| Insurance premiums                           | 6,255      | 8,678      |
| Purchases of meal and transportation tickets | 3,281      | 3,348      |
| Taxes and other prepaid expenses             | 10,748     | 12,529     |
|  | 53,250     | 68,872     |
| Current                                      | 27,873     | 37,996     |
| Non-current                                  | 25,377     | 30,876     |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 12 Investments

## a. Subsidiaries (Parent company)

|   | Investments |            | Equity     |            |
|---|-------------|------------|------------|------------|
|   | 09/30/2010  | 06/30/2010 | 09/30/2010 | 09/30/2009 |
| Ipiranga Produtos de Petróleo                           | 2,272,327   | 2,307,075  | 384,314    | -          |
| Oxiten S.A. Indústria e Comércio                        | 1,785,723   | 1,772,197  | 44,563     | 47,902     |
| Ultracargo – Operações Logísticas e Participações Ltda. | 726,500     | 687,229    | 70,674     | 29,075     |
| Refinaria de Petróleo Riograndense S.A.                 | 7,001       | 7,339      | 13,470     | 10,858     |
| Companhia Brasileira de Petróleo Ipiranga               | -           | -          | -          | 290,659    |
| Sociedade Brasileira de Participações Ltda.             | -           | -          | -          | (17,076 )  |
|   | 4,791,551   | 4,773,840  | 513,021    | 361,418    |

## b. Affiliated companies (Consolidated)

|  | Investments |            | Equity     |            |
|--|-------------|------------|------------|------------|
|  | 09/30/2010  | 06/30/2010 | 09/30/2010 | 09/30/2009 |
| Transportadora Sulbrasileira de Gás S.A.   | 6,633       | 6,631      | 10         | (62 )      |
| Química da Bahia Indústria e Comércio S.A. | 3,709       | 3,731      | (39 )      | 112        |
| Oxicap Indústria de Gases Ltda.            | 1,959       | 1,959      | (131 )     | 45         |
|  | 12,301      | 12,321     | (160 )     | 95         |

In the consolidated interim financial statements, the investment of the subsidiary Oxiten S.A. Indústria e Comércio (“Oxiten S.A.”) in the affiliate Oxicap Indústria de Gases Ltda. is valued by the equity method of accounting based on its interim financial statements as of August 31, 2010, while the other affiliates are valued based on the interim financial statements as of September 30, 2010.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|   | Weighted<br>average<br>term of<br>depreciation<br>(years) | 09/30/2010 |                             |                          | 06/30/2010 |           |
|---|---|------------|-----------------------------|--------------------------|------------|-----------|
|   |   | Cost       | Accumulated<br>depreciation | Provision<br>for<br>loss | Net        | Net       |
| Lands   | -   | 374,243    | -                           | (197 )                   | 374,046    | 374,383   |
| Buildings   | 25  | 1,037,243  | (429,736 )                  | -                        | 607,507    | 608,539   |
| Leasehold improvements  | 11  | 371,596    | (189,140 )                  | -                        | 182,456    | 191,519   |
| Machinery and<br>equipment  | 11  | 2,569,105  | (1,084,416)                 | (1,697 )                 | 1,482,992  | 1,454,502 |
| Light fuel/lubricant<br>distribution<br>equipment and<br>facilities | 14  | 1,418,803  | (821,358 )                  | -                        | 597,445    | 575,773   |
| LPG tanks and bottles   | 13  | 368,625    | (191,053 )                  | -                        | 177,572    | 168,050   |
| Vehicles  | 8   | 167,126    | (109,598 )                  | -                        | 57,528     | 62,369    |
| Furniture and utensils  | 6   | 99,857     | (59,804 )                   | -                        | 40,053     | 39,856    |
| Construction in progress  | -   | 345,800    | -                           | -                        | 345,800    | 347,703   |
| Advances to suppliers   | -   | 6,969      | -                           | -                        | 6,969      | 24,578    |
| Imports in progress   | -   | 214        | -                           | -                        | 214        | 809       |
| IT equipment  | 5   | 176,640    | (145,444 )                  | -                        | 31,196     | 32,845    |
|   |   | 6,936,221  | (3,030,549)                 | (1,894 )                 | 3,903,778  | 3,880,926 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Movements in property, plant and equipment as of September 30, 2010 are as follows:

|   | Balance<br>as of<br>06/30/2010 | Additions | Depreciation | Transfer  | Write-offs | Exchange<br>rate | Balance<br>as of<br>09/30/2010 |
|---|--------------------------------|-----------|--------------|-----------|------------|------------------|--------------------------------|
| Cost:   |                                |           |              |           |            |                  |                                |
| Lands   | 374,580                        | -         | -            | 10        | (269 )     | (78 )            | 374,243                        |
| Buildings   | 1,029,320                      | 4,295     | -            | 4,691     | (782 )     | (281 )           | 1,037,243                      |
| Leasehold<br>improvements   | 373,842                        | 882       | -            | 7,361     | (10,487 )  | (2 )             | 371,596                        |
| Machinery and<br>equipment  | 2,510,799                      | 64,692    | -            | 15,682    | (20,800 )  | (1,268 )         | 2,569,105                      |
| Light fuel/lubricant<br>distribution<br>equipment and<br>facilities | 1,382,018                      | 24,687    | -            | 15,048    | (2,950 )   | -                | 1,418,803                      |
| LPG tanks and<br>bottles  | 360,667                        | 19,683    | -            | -         | (11,725 )  | -                | 368,625                        |
| Vehicles  | 174,067                        | 4,811     | -            | 4,487     | (15,935 )  | (304 )           | 167,126                        |
| Furniture and<br>utensils   | 97,654                         | 3,077     | -            | 6         | (851 )     | (29 )            | 99,857                         |
| Construction in<br>progress   | 347,703                        | 26,741    | -            | (28,105 ) | (462 )     | (77 )            | 345,800                        |
| Advances to<br>suppliers  | 24,578                         | 1,272     | -            | (18,682 ) | (199 )     | -                | 6,969                          |
| Imports in progress   | 809                            | 123       | -            | (718 )    | -          | -                | 214                            |
| IT equipment  | 176,003                        | 2,419     | -            | 220       | (1,949 )   | (53 )            | 176,640                        |
|   | 6,852,040                      | 152,682   | -            | -         | (66,409 )  | (2,092 )         | 6,936,221                      |
| Accumulated<br>depreciation:  |                                |           |              |           |            |                  |                                |
| Buildings   | (420,781 )                     | -         | (9,602 )     | 147       | 434        | 66               | (429,736 )                     |
| Leasehold<br>improvements   | (182,323 )                     | -         | (6,768 )     | (147 )    | 97         | 1                | (189,140 )                     |
| Machinery and<br>equipment  | (1,054,600 )                   | -         | (45,951 )    | -         | 15,722     | 413              | (1,084,416 )                   |
| Light fuel/lubricant<br>distribution<br>equipment and<br>facilities | (806,245 )                     | -         | (17,534 )    | -         | 2,421      | -                | (821,358 )                     |
|   | (192,617 )                     | -         | (4,878 )     | -         | 6,442      | -                | (191,053 )                     |



|                         |              |         |           |   |           |          |              |
|-------------------------|--------------|---------|-----------|---|-----------|----------|--------------|
| LPG tanks and bottles   |              |         |           |   |           |          |              |
| Vehicles                | (111,698 )   | -       | (1,078 )  | - | 3,041     | 137      | (109,598 )   |
| Furniture and utensils  | (57,798 )    | -       | (2,548 )  | - | 530       | 12       | (59,804 )    |
| IT equipment            | (143,158 )   | -       | (3,460 )  | - | 1,134     | 40       | (145,444 )   |
|                         | (2,969,220 ) | -       | (91,819 ) | - | 29,821    | 669      | (3,030,549 ) |
| Provision for loss:     |              |         |           |   |           |          |              |
| Lands                   | (197 )       | -       | -         | - | -         | -        | (197 )       |
| Machinery and equipment | (1,697 )     | -       | -         | - | -         | -        | (1,697 )     |
|                         | (1,894 )     | -       | -         | - | -         | -        | (1,894 )     |
| Net                     | 3,880,926    | 152,682 | (91,819 ) | - | (36,588 ) | (1,423 ) | 3,903,778    |

Construction in progress relates substantially to: (i) expansions and renovations in industrial facilities and (ii) construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant and equipment relate basically to toll manufacturing of equipment for expansion of plants.

As permitted by Law 11638/07 and Resolution CVM 565/08, the Company decided to maintain the revaluation balances until their realization, through depreciation or write-off, and they became part of the cost value of the goods. As of September 30, 2010, the revaluation balance of property, plant and equipment was R\$ 19,924 (R\$ 20,274 as of June 30, 2010).

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|                              | Weighted<br>average term<br>of<br>amortization<br>(years) | 09/30/2010 |                             |                         | 06/30/2010 |           |
|------------------------------|---|------------|-----------------------------|-------------------------|------------|-----------|
|                              |   | Cost       | Accumulated<br>amortization | Provision<br>for losses | Net        | Net       |
| Goodwill, net of tax effects | -   | 770,272    | (102,033 )                  | -                       | 668,239    | 674,889   |
| Software                     | 5   | 235,913    | (171,240 )                  | -                       | 64,673     | 67,490    |
| Technology                   | 5   | 23,694     | (10,583 )                   | -                       | 13,111     | 14,213    |
| Commercial property rights   | 33  | 16,334     | (3,731 )                    | -                       | 12,603     | 12,741    |
| Market rights                | 5   | 708,894    | (229,595 )                  | -                       | 479,299    | 460,413   |
| Others                       | 10  | 2,249      | (234 )                      | (1,449 )                | 566        | 1,834     |
|                              |   | 1,757,356  | (517,416 )                  | (1,449 )                | 1,238,491  | 1,231,580 |

Movements in intangible assets as of September 30, 2010 are as follows:

|   | Goodwill,<br>net of tax<br>effects | Software | Technology | Commercial<br>property<br>rights | Market<br>rights | Others   | Total     |
|---|------------------------------------|----------|------------|----------------------------------|------------------|----------|-----------|
| Balance as of June 30,<br>2010                      | 674,889                            | 67,490   | 14,213     | 12,741                           | 460,413          | 1,834    | 1,231,580 |
| Additions   | -                                  | 7,443    | -          | -                                | 55,033           | -        | 62,476    |
| Write-offs  | (6,650 )                           | (4,326 ) | -          | -                                | -                | (1,261 ) | (12,237 ) |
| Amortization  | -                                  | (5,934 ) | (1,102 )   | (138 )                           | (36,147 )        | (7 )     | (43,328 ) |
| Balance as of<br>September 30, 2010                 | 668,239                            | 64,673   | 13,111     | 12,603                           | 479,299          | 566      | 1,238,491 |
| Weighted average term<br>of amortization<br>(years) | -                                  | 5        | 5          | 33                               | 5                | 10       |           |

In the income for the quarter, the amount of R\$ 43,328 was recorded as amortization of intangible assets, of which R\$ 41,403 was classified as expenses, and the rest was allocated to production and service cost.

Goodwill from acquisition of companies was amortized as of December 31, 2008, when its amortization has been ceased, and the net remaining balance is tested annually for impairment analysis purposes.

The Company has the following balances of goodwill as of September 30, 2010 and June 30, 2010, net of tax effects (see Note 10.a):

|                                 | 09/30/2010 | 06/30/2010 |
|---------------------------------|------------|------------|
| Goodwill on the acquisition of: |            |            |
| Ipiranga                        | 276,724    | 276,724    |
| União Terminais                 | 211,089    | 211,089    |
| Texaco                          | 177,759    | 177,759    |
| Others                          | 2,667      | 9,317      |
|                                 | 668,239    | 674,889    |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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

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

Commercial property rights include those described below:

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

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

Market rights refer mainly to bonus expenses as provided in Ipiranga’s agreements with reseller gas stations and major consumers. Bonus expenses are recorded when incurred and recognized as an expense in income over the term of the agreement (typically 5 years).

Research & development expenses amounted to R\$ 4,767 in the income for the quarter ended September 30, 2010 (R\$ 5,371 in the income as of September 30, 2009).

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 15                  | Deferred charges (Consolidated)                           |            |                             |            |       |
|---------------------|---|------------|-----------------------------|------------|-------|
|                     |   | 09/30/2010 |                             | 06/30/2010 |       |
|                     | Weighted<br>average<br>term of<br>amortization<br>(years) | Cost       | Accumulated<br>amortization | Net        | Net   |
| Restructuring costs | 4   | 25,910     | (19,763 )                   | 6,147      | 7,283 |

Restructuring costs relate to the LPG distribution business, namely: (i) costs for expansion projects involving new regions of activity and (ii) costs for restructuring the home distribution network to increase the contribution margin and expand the bottled gas business through new dealers. Costs will be maintained in this group until they are fully amortized, which will occur in December 2013.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 16 Financing, debentures and finance lease (Consolidated)

## a. Composition

| Description                         | 09/30/2010 | 06/30/2010 | Index/Currency   | Weighted average financial charges 09/30/2010 - % p.a. | Maturity     |
|-------------------------------------|------------|------------|------------------|--|--------------|
| <b>Foreign currency:</b>            |            |            |                  |  |              |
| Notes in the foreign market (b)     | 427,697    | 446,400    | US\$             | +7.2   | 2015         |
| Syndicated loan (c)                 | 101,913    | 107,785    | US\$ + LIBOR (i) | +1.2   | 2011         |
| ACC                                 | 60,422     | 103,439    | US\$             | +1.8   | <263 days    |
| ACE                                 | 54,350     | 66,802     | US\$             | +1.6   | <263 days    |
| BNDES (d)                           | 54,223     | 58,194     | US\$             | +6.0   | 2010 to 2016 |
| Financial institutions              | 16,905     | 17,123     | MX\$ + TIIE (ii) | +2.5   | 2010 to 2014 |
| FINIMP – RPR                        | 16,504     | 17,419     | US\$             | +3.5   | 2010         |
| Financial institutions              | 6,732      | 8,568      | US\$ + LIBOR (i) | +2.1   | 2011         |
| Financial institutions - RPR        | 1,603      | -          | US\$             | +0.9   | 2011         |
| FINIMP                              | 834        | 872        | US\$             | +7.0   | 2012         |
| Financial institutions              | 25         | 87         | Bs (iii)         | +28.0  | 2013         |
| BNDES (d)                           | 14         | 82         | UMBNDDES (iv)    | +7.5   | 2011         |
| Subtotal                            | 741,222    | 826,771    |                  |  |              |
| <b>Local currency:</b>              |            |            |                  |  |              |
| Banco do Brasil (e)                 | 1,875,332  | 1,801,291  | R\$              | +11.8  | 2012 to 2015 |
| Debentures (f)                      | 1,284,279  | 1,246,903  | CDI              | 108.5  | 2012         |
| BNDES (d)                           | 1,119,225  | 1,125,003  | TJLP (v)         | +3.8   | 2010 to 2019 |
| Banco do Nordeste do Brasil         | 102,640    | 105,951    | R\$              | +8.5 (vi)  | 2018         |
| Loan - MaxFácil                     | 75,460     | 115,560    | CDI              | 100.0  | 2012         |
| FINEP                               | 60,665     | 65,566     | TJLP (v)         | +0.7   | 2010 to 2014 |
| BNDES (d)                           | 53,645     | 27,838     | R\$              | +5.9   | 2011 to 2020 |
| <b>Working capital loan – União</b> |            |            |                  |  |              |
| Vopak/RPR                           | 26,641     | 30,372     | CDI              | 117.0  | 2010 to 2014 |
| FINAME                              | 7,835      | 9,807      | TJLP (v)         | +3.0   | 2010 to 2013 |
| Floating finance leases (g)         | 5,284      | 7,810      | CDI              | +1.7   | 2010 to 2011 |
| Fixed finance leases (g)            | 1,711      | 1,849      | R\$              | +13.6  | 2011 to 2014 |
| Others                              | 1,007      | 1,385      | CDI              | +1.7   | 2010 to 2011 |
| Subtotal                            | 4,613,724  | 4,539,335  |                  |  |              |
|                                     | 66,162     | 43,457     |                  |  |              |

Income from currency and interest  
rate hedging instruments

|             |           |           |
|-------------|-----------|-----------|
| Total       | 5,421,108 | 5,409,563 |
| Current     | 882,269   | 900,622   |
| Non-current | 4,538,839 | 4,508,941 |

(i) LIBOR = London Interbank Offered Rate.

(ii) MX\$ = Mexican Peso; TIIE = Mexican interbank balance interest rate.

(iii) Bs = Venezuelan Bolivares Fortes.

(iv) UMBNDES = monetary unit of Banco Nacional de Desenvolvimento Econômico e Social (“BNDES”) is a “basket of currencies” representing the composition of foreign currency debt obligations of BNDES. As of September 2010, 96% of this composition reflected the U.S. dollar.

(v) TJLP = set by the National Monetary Council, TJLP is the basic financing cost of BNDES. On September 30, 2010, TJLP was fixed at 6% p.a.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(vi) Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to foster the development of the industrial sector, administered by Banco do Nordeste. On September 30, 2010, the FNE interest rate was 10% p.a. Over the interest, there is a compliance bonus of 15%.

The long-term amounts break down as follows by year of maturity:

|                   | 09/30/2010 | 06/30/2010 |
|-------------------|------------|------------|
| From 1 to 2 years | 1,024,008  | 921,349    |
| From 2 to 3 years | 2,219,960  | 2,267,151  |
| From 3 to 4 years | 416,457    | 413,173    |
| From 4 to 5 years | 380,186    | 369,962    |
| More than 5 years | 498,228    | 537,306    |
|                   | 4,538,839  | 4,508,941  |

As provided in Resolution CVM 556/08, the transaction costs and issue premiums associated with fund raising by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 16.h).

The Company's management contracted hedging against foreign exchange exposure and interest rate for some debt (see Note 23).

b. Notes in the foreign market

In December 2005, the subsidiary LPG International Inc. issued US\$ 250 million in notes in the foreign market, with maturity in December 2015 and financial charge of 7.25% p.a., paid semiannually, with the first payment due June 2006. The issue price was 98.75% of the face value of the note, which represented a total return of 7.429% p.a. for the investor at the time of issuance. The notes were secured by the Company and Oxiteno S.A.

As a result of the issuance of notes in the foreign market, the Company and its subsidiaries, as mentioned above, are subject to certain commitments, including:

• Limitation of transactions with shareholders owning more than 5% of any class of stock of the Company that are not as favorable to the Company as available in the market.

• Required resolution of the Board of Directors for transactions with related parties in an amount exceeding US\$ 15 million (except for transactions of the Company with subsidiaries and between subsidiaries).

• Restriction on transfer of all or substantially all assets of the Company and its subsidiaries.

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



The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

c. Syndicated loan

In June 2008, the subsidiary Oxiteno Overseas renewed the syndicated loan contracted in June 2005 in the amount of US\$ 60 million. The syndicated loan has maturity in June 2011 and financial charge of LIBOR + 1.25% p.a. The Company contracted instruments of protection with floating interest rate in dollar and exchange rate variation, changing the syndicated loan charge to 99.5% of CDI (see Note 23). The syndicated loan is secured by the Company and subsidiary Oxiteno S.A.

As a result of the issuance of the syndicated loan, some obligations other than those in Note 16.b) must be maintained by the Company:

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

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

The restrictions imposed on the Company and its subsidiaries are usual in transactions of this kind and have not limited their ability to conduct their business to date.

d. BNDES

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

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

- capitalization level: shareholders' equity / total assets equal to or above 0.30; and
- current liquidity level: current assets / current liabilities equal to or above 1.3.

e. Banco do Brasil

The subsidiary IPP has loans with Banco do Brasil to finance the commercialization, processing or industrialization of agricultural goods (ethanol). The loans from Banco do Brasil have maturity from 2 to 5 years and average fixed rate of 11.8% p.a. The IPP has contracted an instrument of protection of interest rate, converting the charges of those loans to 99% of CDI on average (see Note 23). Subsidiary IPP designates hedging instruments as fair value hedge; accordingly, both loans and hedging instruments are presented at their fair value calculated from the agreement date.



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## f. Debentures

In June 2009, the Company made its third issuance of debentures, in a single series of 1,200 simple, nonconvertible into shares, unsecured debentures with the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | May 19, 2012               |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 100% CDI + 3.0% p.a.       |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

The funds obtained with this issuance were used for prepaid payment, in June 2009, of 120 Promissory Notes in the total amount of R\$ 1,200,000 issued by the Company in December 2008.

In December 2009, the Company concluded the review of certain terms and conditions of its third issuance of debentures. Thus, the interest of the debentures was reduced to 108.5% CDI and its maturity date was extended to December 4, 2012. The debentures have annually interest payments and amortization in one single tranche at the maturity date, as according to the following characteristics:

|                            |                            |
|----------------------------|----------------------------|
| Face value of each:        | R\$ 1,000,000.00           |
| Final maturity:            | December 4, 2012           |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 108,5% CDI                 |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

## g. Finance leases

The subsidiaries IPP and Serma have finance lease contracts primarily related to fuel distribution equipment, such as tanks, pumps, VNG compressors and IT equipment. These contracts have terms between 36 and 60 months.

The subsidiaries have the option to purchase the assets at a price substantially lower than the fair market price on the date of option, and management intends to exercise such option. No restrictions are imposed on these agreements.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The amounts of the equipments, net of depreciation, and of the liabilities corresponding to such equipments, recorded as of September 30, 2010 and June 30, 2010, are shown below:

|                                | 09/30/2010                  |              | 06/30/2010                  |              |
|--------------------------------|-----------------------------|--------------|-----------------------------|--------------|
|                                | Fuel distribution equipment | IT equipment | Fuel distribution equipment | IT equipment |
| Equipments net of depreciation | 21,166                      | 2,532        | 21,600                      | 2,910        |
| Financing                      | 5,284                       | 1,711        | 7,810                       | 1,849        |
| Current                        | 5,284                       | 603          | 7,506                       | 584          |
| Non-current                    | -                           | 1,108        | 304                         | 1,265        |

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 09/30/2010                  |              | 06/30/2010                  |              |
|------------------|-----------------------------|--------------|-----------------------------|--------------|
|                  | Fuel distribution equipment | IT equipment | Fuel distribution equipment | IT equipment |
| Up to 1 year     | 5,663                       | 784          | 7,961                       | 784          |
| More than 1 year | -                           | 1,261        | 341                         | 1,457        |
|                  | 5,663                       | 2,045        | 8,302                       | 2,241        |

The above installments include the amounts of ISS payable on the monthly installments.

## h. Transaction costs

Transaction costs incurred in obtaining financial resources were deducted from the value of the financial instrument and recorded as expense according to the effective rate, as follows:

|                                 | Effective rate of transaction costs (% p.a.) | Balance as of 06/30/2010 | Incurred cost | Amortization | Balance as of 09/30/2010 |
|---------------------------------|--|--------------------------|---------------|--------------|--------------------------|
| Banco do Brasil (e)             | 0.6 %  | 27,215                   | -             | (1,285 )     | 25,930                   |
| Debentures (f)                  | 0.6 %  | 17,004                   | -             | (1,536 )     | 15,468                   |
| Notes in the foreign market (b) | 0.2 %  | 4,884                    | -             | (500 )       | 4,384                    |

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|        |     |   |        |   |          |        |
|--------|-----|---|--------|---|----------|--------|
| Others | 0.9 | % | 1,022  | - | (136 )   | 886    |
| Total  |     |   | 50,125 | - | (3,457 ) | 46,668 |

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The amount to be appropriated to income in the future is as follows:

|                                    | Up to 1<br>year | 1 to 2<br>years | 2 to 3<br>years | 3 to 4<br>years | 4 to 5<br>years | More than 5<br>years | Total  |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------|
| Banco do Brasil (e)                | 10,442          | 6,139           | 5,557           | 2,649           | 1,143           | -                    | 25,930 |
| Debentures (f)                     | 7,256           | 6,439           | 1,773           | -               | -               | -                    | 15,468 |
| Notes in the foreign<br>market (b) | 835             | 835             | 835             | 835             | 835             | 209                  | 4,384  |
| Others                             | 495             | 269             | 60              | 43              | 19              | -                    | 886    |
| Total                              | 19,028          | 13,682          | 8,225           | 3,527           | 1,997           | 209                  | 46,668 |

## i. Collateral

Financing is secured by collateral amounting to R\$ 83,723 as of September 30, 2010 (R\$ 120,028 as of June 30, 2010) and by guarantees and promissory notes in the amount of R\$ 1,951,682 as of September 30, 2010 (R\$ 1,982,264 as of June 30, 2010).

In addition, the Company and its subsidiaries offer collateral in the form of bank letters of guarantee for commercial and legal proceeding in the amount of R\$ 143,073 as of September 30, 2010 (R\$ 137,979 as of June 30, 2010).

Some subsidiaries issued collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 10,783 as of September 30, 2010 (R\$ 10,613 as of June 30, 2010), with maturities of no more than 211 days. As of September 30, 2010, the Company and its subsidiaries did not have losses in connection with these collaterals. The fair value of collateral recognized in current liabilities is R\$ 260 as of September 30, 2010 (R\$ 257 as of June 30, 2010). This is recognized in income as customers set the their obligations with financial institutions.

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US\$ 10 million. As of September 30, 2010, there was no event of default of the debts of the Company and its subsidiaries.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## 17 Assets retirement obligation

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations after a certain use period. (see Note 3.1).

Movements in the assets retirement obligations are as follows:

|                                  |          |
|----------------------------------|----------|
| Balance as of June 30, 2010      | 64,936   |
| Additions (new tanks)            | 316      |
| Expenses with tanks removed      | (2,553 ) |
| Adjustments of expenses          | 314      |
| Balance as of September 30, 2010 | 63,013   |
| Current                          | 5,551    |
| Non-current                      | 57,462   |

## 18 Deferred revenue

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

|  | 09/30/2010 | 06/30/2010 |
|--|------------|------------|
| Initial franchise fee 'am/pm'                    | 7,362      | 6,230      |
| Loyalty program Km de Vantagens (see Note 2.2.f) | 10,348     | 10,915     |
| Other  | 728        | 863        |
|  | 18,438     | 18,008     |
| Current  | 13,015     | 13,362     |
| Non-current                                      | 5,423      | 4,646      |

The initial franchise fee related to the 'am/pm' convenience store chain received by Ipiranga is deferred and recognized in income on an accrual basis, based on the substance of the agreements with the franchisees.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

19 Shareholders' equity

a. Share capital

The Company is a publicly traded company listed on the São Paulo ("BM&FBovespa") and New York Stock Exchanges ("NYSE"), with a subscribed and paid-in capital represented by 136,095,999 shares without par value, including 49,429,897 common and 86,666,102 preferred shares.

As of September 30, 2010, there were 13,103,651 preferred shares outstanding abroad in the form of American Depositary Receipts ("ADRs").

Preferred shares are nonconvertible into common shares, nonvoting, and give their holders priority in capital redemption, without premium, upon liquidation of the Company.

At the beginning of 2000, the Company granted tag-along rights through a shareholders' agreement, assuring non-controlling shareholders the right to the same conditions as negotiated by the controlling shareholders in case of transfer of the control of the Company. In 2004, these rights were incorporated into the Bylaws of the Company.

The Company is authorized to increase the capital without amendment to the Bylaws, by resolution of the Board of Directors, up to the limit of R\$ 4,500,000 through the issuance of common or preferred shares, regardless of the current number of shares, subject to the limit of 2/3 of preferred shares in the total shares issued.

b. Treasury shares

The Company acquired shares issued by itself at market prices without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with Instructions CVM 10 of February 14, 1980 and 268 of November 13, 1997. In 2010, there were no stock repurchases.

As of September 30, 2010, the interim financial statements of the parent company totaled 2,138,772 preferred shares and 6,617 common shares held in treasury, acquired at an average cost of R\$ 57.79 and R\$ 19.30 per share, respectively. In the consolidated interim financial statements, 2,592,247 preferred shares and 6,617 common shares are held in treasury, acquired at an average cost of R\$ 54.22 and R\$ 19.30 per share, respectively.

The price of preferred shares issued by the Company as of September 30, 2010 on BM&FBovespa was R\$ 101.80.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## c. Capital reserve

The capital reserve reflects the gain of the transfer of shares at market price to be held in treasury in the Company's subsidiaries, at an average price of R\$ 47.26 per share. Such shares were used to award beneficial ownership to executives of these subsidiaries, as mentioned in Note 9.c).

## d. Revaluation reserve

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

In some cases, tax charges on the equity-method revaluation reserve of certain subsidiaries are recognized as the reserve is realized, as they preceded the issuance of Resolution CVM 183/95.

## e. Retention of profits reserve

Used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments. Formed in accordance with Article 196 of the Brazilian Corporate Law, it includes both the portion of net income for the year and the realization of the revaluation reserve.

## f. Conciliation between parent company and consolidated shareholders' equity

|   | 09/30/2010 | 06/30/2010 |
|---|------------|------------|
| Parent company shareholders' equity under New BR GAAP                                     | 5,105,088  | 5,082,885  |
| Treasury shares held by subsidiaries – net of realization                                 | (10,752 )  | (11,396 )  |
| Capital reserve from sale of treasury shares to subsidiaries – net of realization         | (2,757 )   | (2,906 )   |
| Consolidated shareholders' equity under New BRGAAP  | 5,091,579  | 5,068,583  |
| Non-controlling interest by subsidiaries  | (23,233 )  | (21,723 )  |
| Consolidated shareholders' equity, excluding the non-controlling interest by subsidiaries | 5,068,346  | 5,046,860  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

g. Valuation adjustment

In valuation adjustment (i) the differences between the fair value and adjusted cost of financial investments classified as available for sale and financial instruments designated as a cash flow hedge of the change in interest rates and (ii) the effect of exchange rate changes on derivatives designated as hedging by RPR, used to protect the future cash flow are recognized directly in shareholders' equity. In all cases, the gains and losses recorded in the shareholders' equity are included in income, in the case of financial instruments prepayment.

h. Cumulative translation adjustments of foreign currency

The change in exchange rates on foreign subsidiaries denominated in a currency other than the currency of the Company is directly recognized in the shareholders' equity. This accumulated effect is reflected in income for the year as a gain or loss only in case of disposal or write-off of the investment.

20 Income on disposal of assets

Income on disposal of assets is composed of R\$ 9,316 (revenue) (R\$ 15,784 (revenue) as of September 30, 2009) mainly of proceeds from the sale of property, plant and equipment, as well as in 2010 the income on sale of AGT – Armazéns Gerais e Transporte Ltda. and Petrolog Serviços e Armazéns Gerais Ltda., as mentioned in Note 4.

21 Segment information

The Company operates four main business segments: gas distribution, fuel distribution, chemicals, and logistics. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast Regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution of fuels and lubricants and related activities throughout all the Brazilian territory, since the acquisition of Texaco on April 1, 2009. The chemicals segment (Oxiten) produces ethylene oxide and its derivatives, which are the raw materials for the cosmetics & detergent, agrochemical, paint & varnish, and other industries. The logistics segment (Ultracargo) provides storage services, especially in the Southeast, and Northeast Regions of Brazil. The segments shown in the interim financial statements are strategic business units supplying different products and services. Inter-segment sales are at prices similar to those that would be charged to third parties.

The main financial information on each segment of the Company can be stated as follows:

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | 09/30/2010 | 09/30/2009 |
|--|------------|------------|
| Net revenue:                               |            |            |
| Ultragaz                                   | 2,739,444  | 2,557,033  |
| Ipiranga                                   | 26,728,838 | 21,501,873 |
| Oxiteno                                    | 1,558,906  | 1,410,882  |
| Ultracargo                                 | 234,061    | 257,062    |
| Other (1)                                  | 272,438    | 200,723    |
| Intersegment sales                         | (307,113 ) | (247,484 ) |
| Total                                      | 31,226,574 | 25,680,089 |
| Intersegment sales:                        |            |            |
| Ultragaz                                   | 1,657      | 1,866      |
| Ipiranga                                   | 29,048     | -          |
| Oxiteno                                    | -          | -          |
| Ultracargo                                 | 33,483     | 45,192     |
| Other (1)                                  | 242,925    | 200,426    |
| Total                                      | 307,113    | 247,484    |
| Net revenue, excluding intersegment sales: |            |            |
| Ultragaz                                   | 2,737,787  | 2,555,167  |
| Ipiranga                                   | 26,699,790 | 21,501,873 |
| Oxiteno                                    | 1,558,906  | 1,410,882  |
| Ultracargo                                 | 200,578    | 211,870    |
| Other (1)                                  | 29,513     | 297        |
| Total                                      | 31,226,574 | 25,680,089 |
| Operating profit:                          |            |            |
| Ultragaz                                   | 153,263    | 133,785    |
| Ipiranga                                   | 539,008    | 381,625    |
| Oxiteno                                    | 102,606    | 59,760     |
| Ultracargo                                 | 99,550     | 48,292     |
| Other (1)                                  | 29,630     | 27,746     |
| Total                                      | 924,057    | 651,208    |
| Net financial income                       | (199,673 ) | (214,534 ) |
| Equity in income of affiliates             | (160 )     | 95         |
| Income before taxes                        | 724,224    | 436,769    |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

|  | 09/30/2010 | 09/30/2009 |
|--|------------|------------|
| Additions to property, plant and equipment and intangible assets:                            |            |            |
| Ultragaz   | 130,065    | 109,415    |
| Ipiranga   | 287,901    | 151,001    |
| Oxiteno  | 190,230    | 128,344    |
| Ultracargo   | 35,751     | 26,122     |
| Other (1)  | 11,406     | 16,072     |
| Total additions to property, plant and equipment and intangible assets (see Notes 13 and 14) | 655,353    | 430,954    |
| Assets retirement obligation   | (1,215 )   | (2,514 )   |
| Finance leases   | -          | (1,425 )   |
| Other  | (1,182 )   | -          |
| Total investments to property, plant and equipment and intangible assets (cash flow)         | 652,956    | 427,015    |
|  | 09/30/2010 | 09/30/2009 |
| Depreciation and amortization charges:   |            |            |
| Ultragaz   | 93,448     | 89,582     |
| Ipiranga   | 198,617    | 174,970    |
| Oxiteno  | 75,490     | 76,318     |
| Ultracargo   | 21,926     | 39,632     |
| Other (1)  | 7,191      | 6,465      |
| Total  | 396,672    | 386,967    |
|  | 09/30/2010 | 06/30/2010 |
| Total assets:  |            |            |
| Ultragaz   | 1,412,958  | 1,366,246  |
| Ipiranga   | 6,063,001  | 6,070,749  |
| Oxiteno  | 3,049,165  | 3,061,155  |
| Ultracargo   | 956,562    | 944,040    |
| Other (1)  | 998,949    | 908,143    |
| Total  | 12,480,635 | 12,350,333 |

(1) On the table above, the column “Other” is composed primarily of the parent company Ultrapar Participações S.A. and the investment in RPR.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Geographic area information

All long-term assets are located in Brazil, except certain long-life assets located in Mexico, in the amount of R\$ 26,178 as of September 30, 2010 (R\$ 26,917 as of June 30, 2010), and in Venezuela, in the amount of R\$ 3,724 as of September 30, 2010 (R\$ 3,034 as of June 30, 2010).

The Company generates revenues from operations in Brazil, Mexico (since December 2003) and Venezuela (since September 2007), as well as from exports of products to foreign customers, as disclosed below:

|  | 09/30/2010 | 09/30/2009 |
|--|------------|------------|
| Net revenue:                           |            |            |
| Brazil                                 | 30,771,120 | 25,220,982 |
| Latin America except Brazil and Mexico | 222,955    | 225,544    |
| North America                          | 141,934    | 132,610    |
| Far East                               | 33,847     | 47,528     |
| Europe                                 | 40,358     | 44,343     |
| Other                                  | 16,360     | 9,082      |
| Total                                  | 31,226,574 | 25,680,089 |

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

| 22  | Financial income (Consolidated) | 09/30/2010 | 09/30/2009 |
|---|---------------------------------|------------|------------|
| Financial revenues:   |                                 |            |            |
| Interest on financial investments   |                                 | 147,782    | 97,246     |
| Interest from customers   |                                 | 32,413     | 31,099     |
| Other revenues  |                                 | 4,961      | 3,397      |
|   |                                 | 185,156    | 131,742    |
| Financial expenses:   |                                 |            |            |
| Interest on financing   |                                 | (229,441 ) | (255,167 ) |
| Interest on debentures  |                                 | (96,633 )  | (46,918 )  |
| Interest on finance leases  |                                 | (978 )     | (1,904 )   |
| Bank charges, IOF, and other charges  |                                 | (18,266 )  | (30,573 )  |
| Monetary changes and changes in exchange rates, net of<br>income from hedging instruments |                                 | (7,298 )   | (2,300 )   |
| Provisions updating and other expenses (*)  |                                 | (32,213 )  | (9,414 )   |
|   |                                 | (384,829 ) | (346,276 ) |
| Financial income  |                                 | (199,673 ) | (214,534 ) |

(\*) In 2010, includes the effect related to the Company and its subsidiaries' adhesion to a debt amnesty established by Law 11941/09 (see Note 24.a).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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Risks and financial instruments (Consolidated)

Risk management and financial instruments - Governance

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

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

Implementation of the management of financial assets, instruments and risks is the responsibility of the Financial Area, through its treasury, with the assistance of the tax and accounting areas.

- Supervision and monitoring of compliance with the principles, guidelines and standards of the Policy is the responsibility of the Risk and Investment Committee, set up more than 10 years ago and composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fund raising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.

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

Continuous enhancement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the Financial Area.

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Currency risk

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

The subsidiaries of the Company use exchange rate hedging instruments (especially between the Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts and disbursements in foreign currency, in order to reduce the effects of changes in exchange rates on its results and cash flows in Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts and disbursements in foreign currency to which they are related. Assets and liabilities in foreign currency are stated below, translated into Reais as of September 30, 2010 and June 30, 2010:

## Assets and liabilities in foreign currency

| Amounts in millions of Reais  | 09/30/2010 | 06/30/2010 |
|---|------------|------------|
| <b>Assets in foreign currency</b>   |            |            |
| Financial assets in foreign currency (except hedging instrument)          | 215.4      | 232.9      |
| Foreign trade accounts receivable, net of provision for loss              | 112.1      | 113.5      |
| Investments in foreign subsidiaries                                       | 75.0       | 64.2       |
|   | 402.5      | 410.6      |
| <b>Liabilities in foreign currency</b>                                    |            |            |
| Financing in foreign currency   | (723.2 )   | (809.4 )   |
| Trade payables arising from imports, net of advances to foreign suppliers | (11.6 )    | (5.8 )     |
|   | (734.8 )   | (815.2 )   |
| Currency hedging instruments  | 258.0      | 211.6      |
| Net asset (liability) position  | (74.3 )    | (193.0 )   |
| Net asset (liability) position – RPR1                                     | 48.4       | 58.3       |
| Net asset (liability) position – Total                                    | (25.9 )    | (134.7 )   |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(1) Amount disclosed due to its magnitude and to RPR having independent financial management. The net asset position as of September 30, 2010 of RPR reflects the amount of R\$ 82.3 million of contracted exchange rate swaps primarily to protect the future import of oil, net of (i) R\$ 18.1 million of financing in foreign currency and (ii) R\$ 15.8 million of suppliers in foreign currency.

Based on the net liability position of R\$ 74.3 million in foreign currency shown above, the Company estimates that a 10% devaluation of the Real would produce a total effect of R\$ 7.4 million, of which R\$ 13.1 million of financial expense and R\$ 5.7 million of gain directly recognized in the shareholders' equity in cumulative translation adjustments. Based on the same position, the Company estimates that a 10% valuation of the Real would produce a total effect of R\$ 7.4 million, of which R\$ 13.1 million of financial revenue and R\$ 5.7 million of loss directly recognized in the shareholders' equity in cumulative translation adjustments (see Note 3.o).

Interest rate risk

The Company and its subsidiaries adopt conservative policies for fund raising and use of financial resources and capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the interest rate for CDI, as set forth in Note 5. Fund raising primarily results from financing from BNDES and other development agencies, debentures and funds raised in foreign currency, as shown in Note 16.

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of September 30, 2010, the Company and its subsidiaries had derivative financial instruments of interest rate linked to domestic loans, swapping pre-fixed interest of certain debts to floating rate.

Credit risks

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and cash equivalents, financial investments, and accounts receivable.

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

Government credit risk - The Company and its subsidiaries have financial investments in federal government bonds of Brazil and countries rated AAA or Aaa by specialized credit rating agencies. The volumes of financial investments are subject to maximum limits by country and, therefore, require diversification of counterparty.



Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Customer credit risk - Such risks are managed by each business unit through specific criteria for acceptance of customers and credit rating and are additionally mitigated by diversification of sales. As of September 30, 2010, Ipiranga maintained R\$ 99,856 (R\$ 99,101 as of June 30, 2010), Ultragas maintained R\$ 15,968 (R\$ 15,887 as of June 30, 2010), Oxiteno maintained R\$ 1,929 (R\$ 2,368 as of June 30, 2010) and the subsidiaries of Ultracargo maintained R\$ 691 (R\$ 985 as of June 30, 2010) as a provision for potential loss on their accounts and assets receivables.

Selection and use of financial instruments

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

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

As mentioned in the section Risk management and financial instruments – Governance of this Note, the Committee monitors compliance with the risk standards established by the Policy through a risk monitoring map, including the use of hedging instruments, on a monthly basis.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

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

| Hedging instruments                                       | Counterparty                         | Maturity             | Initial notional amount <sup>1</sup> |                | Fair value  |             | Amounts payable or receivable for the period (09/30/2010) |                |
|---|--------------------------------------|----------------------|--------------------------------------|----------------|-------------|-------------|---|----------------|
|   |                                      |                      | 09/30/2010                           | 06/30/2010     | 09/30/2010  | 06/30/2010  | Amount receivable   | Amount payable |
|   |                                      |                      |                                      |                | R\$ million | R\$ million | R\$ million   | R\$ million    |
| <b>a – Exchange rate swaps receivable in U.S. dollars</b> |                                      |                      |                                      |                |             |             |   |                |
| Receivables in U.S. dollars                               | Bradesco, Citibank, Goldman Sachs,   | Oct 2010 to Dec 2015 | USD 231.5                            | USD 189.9      | 394.8       | 343.2       | 394.8   | -              |
| Payables in CDI interest rate                             | HSBC, Itaú, Santander                |                      | (USD 231.5)                          | (USD 189.9)    | (447.2 )    | (365.0 )    | -   | 447.2          |
| <b>Total result</b>                                       |                                      |                      | -                                    | -              | (52.4 )     | (21.8 )     | 394.8   | 447.2          |
| <b>b – Exchange rate swaps payable in U.S. dollars</b>    |                                      |                      |                                      |                |             |             |   |                |
| Receivables in CDI interest rates                         | Bradesco, Deutsche, Itaú, Santander, | Oct 2010 to Jan 2011 | USD 79.7                             | USD 71.5       | 140.3       | 129.7       | 140.3   | -              |
| Payables in U.S. dollars                                  | Votorantim                           |                      | (USD 79.7)                           | (USD 71.5)     | (133.7 )    | (128.5 )    | -   | 133.7          |
| <b>Total result</b>                                       |                                      |                      | -                                    | -              | 6.6         | 1.2         | 140.3   | 133.7          |
| <b>c – Interest rate swaps in R\$</b>                     |                                      |                      |                                      |                |             |             |   |                |
| Receivables in predetermined interest rate                | Banco do Brasil                      | Feb 2012 to May 2015 | R\$ 1,809.5                          | R\$ 1,809.5    | 1,908.7     | 1,836.6     | 1,908.7   | -              |
| Payables in CDI interest rate                             |                                      |                      | (R\$ 1,809.5 )                       | (R\$ 1,809.5 ) | (1,883.9)   | (1,836.5)   | -   | 1,883.9        |
| <b>Total result</b>                                       |                                      |                      | -                                    | -              | 24.8        | 0.1         | 1,908.7   | 1,883.9        |

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| d – Interest rate swaps in U.S. dollars            | Itaú | Jun 2011 |            |            |          |          |       |       |
|--|------|----------|------------|------------|----------|----------|-------|-------|
| Receivables in LIBOR interest rate in U.S. dollars |      |          | USD 60.0   | USD 60.0   | 100.0    | 105.2    | 100.0 | -     |
| Payables in fixed interest rate in U.S. dollars    |      |          | (USD 60.0) | (USD 60.0) | (103.1 ) | (108.3 ) | -     | 103.1 |
| Total result                                       |      |          | -          | -          | (3.1 )   | (3.1 )   | 100.0 | 103.1 |

| e – NDFs (non-deliverable forwards) – RPR      | Banco do Brasil, | Oct 2010 to Jan 2011 |            |            |         |         |      |      |
|--|------------------|----------------------|------------|------------|---------|---------|------|------|
| Receivables in U.S. dollars                    | HSBC             |                      | USD 49.2   | USD 44.1   | 80.7    | 79.5    | 80.7 | -    |
| Payables in predetermined interest rate in R\$ |                  |                      | (USD 49.2) | (USD 44.1) | (87.6 ) | (80.9 ) | -    | 87.6 |
| Total result                                   |                  |                      | -          | -          | (6.9 )  | (1.4 )  | 80.7 | 87.6 |

| f – Exchange rate swaps payable in U.S. dollars – RPR | Safra | Jan 2011 |           |   |        |   |     |     |
|---|-------|----------|-----------|---|--------|---|-----|-----|
| Receivables in U.S. dollars                           |       |          | USD 0.9   | - | 1.6    | - | 1.6 | -   |
| Payables in CDI interest rate                         |       |          | (USD 0.9) | - | (1.6 ) | - | -   | 1.6 |
| Total result  |       |          | -         | - | -      | - | 1.6 | 1.6 |

|                               |   |   |         |         |         |         |  |  |
|-------------------------------|---|---|---------|---------|---------|---------|--|--|
| Total gross result            | - | - | (31.0 ) | (25.0 ) | 2,626.1 | 2,657.1 |  |  |
| Income tax                    | - | - | (4.3 )  | (3.3 )  | (4.3 )  | -       |  |  |
| Total net result              | - | - | (35.3 ) | (28.3 ) | 2,621.8 | 2,657.1 |  |  |
| Positive result (see Note 5)  |   |   |         |         | 30.8    | 15.1    |  |  |
| Negative result (see Note 16) |   |   |         |         | (66.1 ) | (43.4 ) |  |  |

1 In million. Currency as indicated

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

All transactions mentioned above were properly registered with CETIP S.A., except for the LIBOR interest rate swap in U.S. dollars, which is an over-the-counter contract governed by ISDA (International Swap Dealers Association, Inc.) executed with the counterparty Banco Itaú BBA S.A. – Nassau Branch.

Hedging instruments existing as of September 30, 2010 are described below, according to their category, risk, and protection strategy:

**Hedging against foreign exchange exposure of liabilities in foreign currency** - The purpose of these contracts is to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Reais linked to CDI. As of September 30, 2010, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 231.5 million in notional amount and, on average, they had asset position at US\$ + 4.16 p.a. and liability position at 110.38 % of CDI.

**Hedging against foreign exchange exposure of operations** - The purpose of these contracts is to make the exchange rate of the turnover of the subsidiaries of Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials. As of September 30, 2010, these swap contracts totaled US\$ 79.7 million and, on average, had an asset position at 77.38% of CDI and liability position at US\$ + 0.0% p.a.

**Hedging against the interest rate fixed in local financing** - The purpose of these contracts is to convert the interest rate on financing contracted in Reais from fixed into floating. On September 30, 2010 these swap contracts totaled R\$ 1,809.5 million, and on average had an asset position at 11.81% p.a. and liability position at 98.75% of CDI.

**Hedging against floating interest rate in foreign currency** - The purpose of this contract is to convert the interest rate on the syndicated loan in the principal of US\$ 60 million from floating into fixed. As of September 30, 2010, the subsidiary Oxiteno Overseas had a swap contract with a notional amount of US\$ 60 million, with an asset position at US\$ + LIBOR + 1.25% p.a. and a liability position at US\$ + 4.93% p.a.

**Hedging against foreign exchange exposure of a firm commitment in foreign currency (RPR)** - The purposes of these contracts is to offset the effect of the change in exchange rates on imports of oil denominated in U.S. dollars (US\$ 39.4 million) and the financing denominated in foreign currency (US\$ 9.8 million). On September 30, 2010 the subsidiary RPR held NDF (non-deliverable forwards) contracts with contracted average future U.S. dollar of R\$ 1.8580/US\$ and principal, proportional to the Company's interest of US\$ 49.2 million.

**Hedging against foreign exchange exposure of liabilities in foreign currency (RPR)** - The purpose of this contract is to offset the effect of the change in exchange rates of a debt in U.S. dollars by converting it into a debt in Reais linked to CDI. As of September 30, 2010, this swap contract totaled US\$ 0.9 million in notional amount, proportional to the Company's interest in RPR and had asset position at US\$ + 1.26 p.a. and liability position at 105.5 % of CDI.

The Company and its subsidiaries designate as cash flow hedges some instruments of protection for future cash flows. These instruments of protection whose purpose is to protect the cash flows





Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

(i) from the risk of fluctuations in Libor on loans contracted and (ii) the risk of exchange rate changes of subsidiary RPR on future imports of oil denominated in U.S. dollars. On September 30, 2010 these instruments of protection amounted US\$ 99.4 million.

The Company and its subsidiaries designate derivative financial instruments used to offset the variations due to changes in interest rates in the market value of financing contracted in Reais as fair value hedge. As of September 30, 2010 these instruments of protection totaled R\$ 1,809.5 million.

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Gains (losses) on hedging instruments

The following table summarizes the values of gains (losses) recorded in 2010 which affected the income statement and shareholders' equity of the Company and its subsidiaries:

|   | Consolidated<br>R\$ million |                         |
|---|-----------------------------|-------------------------|
|   | Income                      | Shareholders'<br>equity |
| A – Exchange rate swaps receivable in U.S. dollars    | (19.9 )                     | -                       |
| B – Exchange rate swaps payable in U.S. dollars       | 10.2                        | -                       |
| C - Interest rate swaps in R\$                        | 11.6                        | -                       |
| D - Interest rate swaps in U.S. dollars               | (2.4 )                      | 1.6                     |
| E - NDFs (non-deliverable forwards) - RPR             | (3.4 )                      | (4.0 )                  |
| F - Exchange rate swaps payable in U.S. dollars - RPR | -                           | -                       |
| Total   | (3.9 )                      | (2.4 )                  |

The table above does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars, when this effect is offset in the income of the hedged subject (debt), and considers the designation effect of interest hedging in Reais.

## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Fair value of financial instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, as of September 30, 2010 and June 30, 2010 are stated below:

|   | 09/30/2010     |            | 06/30/2010     |            |
|---|----------------|------------|----------------|------------|
|   | Carrying value | Fair value | Carrying value | Fair value |
| <b>Financial assets:</b>                  |                |            |                |            |
| Cash and cash equivalents                 | 75,568         | 75,568     | 85,347         | 85,347     |
| Currency and interest hedging instruments | 30,774         | 30,774     | 15,111         | 15,111     |
| Financial investments                     | 2,916,514      | 2,916,514  | 2,926,840      | 2,926,840  |
|   | 3,022,856      | 3,022,856  | 3,027,298      | 3,027,298  |
| <b>Financial liabilities:</b>             |                |            |                |            |
| Financing                                 | 4,063,672      | 4,117,965  | 4,109,544      | 4,159,786  |
| Debentures                                | 1,284,279      | 1,268,051  | 1,246,903      | 1,234,625  |
| Finance leases                            | 6,995          | 6,995      | 9,659          | 9,659      |
| Currency and interest hedging instruments | 66,162         | 66,162     | 43,457         | 43,457     |
|   | 5,421,108      | 5,459,173  | 5,409,563      | 5,447,527  |

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

- The fair values of cash on current account are identical to the carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the interim financial statements, which correspond to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase in the yield curve and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value of other financial investments and financing was determined using calculation methodologies commonly used for marking-to-market, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of September 30, 2010 and June 30, 2010. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries used quotes provided by the transaction counterparties.

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



## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## Sensitivity analysis

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

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on BM&FBovespa as of September 30, 2010. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 2.52 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional devaluation, respectively, of the Real in the likely scenario.

Based on the balances of the hedging instruments and hedged items as of September 30, 2010, the exchange rates were replaced, and the changes between the new balance in Reais and the balance in Reais as of September 30, 2010 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

|   | Risk         | Scenario I<br>(likely) | Scenario II | Scenario III |
|---|--------------|------------------------|-------------|--------------|
| Currency swaps receivable in U.S. dollars       |              |                        |             |              |
| (1) U.S. Dollar / Real swaps                    | Dollar       | 70,582                 | 187,511     | 304,440      |
| (2) Debts in dollars                            | appreciation | (70,581 )              | (187,334 )  | (304,087 )   |
| (1)+(2)   | Net Effect   | 1                      | 177         | 354          |
| Currency swaps payable in U.S. dollars          |              |                        |             |              |
| (3) Real / U.S. Dollar swaps                    | Dollar       | (980 )                 | (34,982 )   | (68,983 )    |
| (4) Gross margin of Oxiteno                     | devaluation  | 980                    | 34,982      | 68,983       |
| (3)+(4)   | Net Effect   | -                      | -           | -            |
| NDF exchange (RPR)                              |              |                        |             |              |
| (5) NDF Receivables in U.S. Dollars             | Dollar       | 752                    | 21,785      | 42,818       |
| (6) Petroleum imports / FINIMP                  | appreciation | (752 )                 | (21,785 )   | (42,818 )    |
| (5)+(6)   | Net Effect   | -                      | -           | -            |
| Currency swaps receivable in U.S. dollars (RPR) |              |                        |             |              |
| (7) U.S. Dollar / Real swaps                    | Dollar       | 30                     | 439         | 847          |
| (8) Debts in dollars                            | appreciation | (30 )                  | (439 )      | (847 )       |
| (7)+(8)   | Net Effect   | 0                      | 0           | 0            |

For the sensitivity analysis of the interest rate hedging instrument in dollar, the Company used the future LIBOR curve (BBA – British Bankers Association) as of September 30, 2010 at maturity of the swap and of the syndicated loan (hedged item), which occurs in 2011, in order to define the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, in the estimate of the likely LIBOR.



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Based on the three interest rate scenarios in dollar (LIBOR), management estimated the values of its loan and of the hedging instrument by calculating the future cash flows associated with each instrument adopted according to the projected scenarios and adjusting them to present value by the rate in effect on September 30, 2010. The result is stated on the table below:

|  | Risk        | Scenario I<br>(likely) | Scenario II | Scenario III |
|--|-------------|------------------------|-------------|--------------|
| <b>Interest rate swap (in dollars)</b> |             |                        |             |              |
| (1) LIBOR swap - fixed rate            | Increase in | (105 )                 | 7           | 119          |
| (2) LIBOR Debt                         | LIBOR       | 106                    | (7 )        | (121 )       |
| (1)+(2)                                | Net Effect  | 1                      | (0 )        | (2 )         |

For sensitivity analysis of interest rate instruments of protection in Reais, the Company used the futures curve of DI x Pre contract of BM&FBovespa as of September 30, 2010 for each swap and each debt (object of protection) maturities, for defining the likely scenario. Scenarios II and III were estimated with a 25% and 50% deterioration, respectively, of pre-fixed rate to that of the likely scenario.

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

|  | Risk             | Scenario I<br>(likely) | Scenario II | Scenario III |
|--|------------------|------------------------|-------------|--------------|
| <b>Interest rate swap (in dollars)</b> |                  |                        |             |              |
| (1) Fixed rate swap - CDI              | Increase in      | 46                     | (132,620)   | (251,753 )   |
| (2) Fixed rate financing               | prefixed<br>rate | (46 )                  | 132,658     | 251,835      |
| (1)+(2)                                | Net Effect       | -                      | 38          | 82           |

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## Contingencies and commitments (Consolidated)

## a. Civil, tax and labor proceedings

On October 7, 2005, the subsidiaries Companhia Ultragaz S.A. (“Cia Ultragaz”) and Bahiana Distribuidora de Gás Ltda. (“Bahiana”) filed for and obtained a preliminary injunction to offset PIS and COFINS credits against other taxes administered by the Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court judgment on May 16, 2008. Under the preliminary injunction obtained, the subsidiaries have been making judicial deposits for these debits in the accumulated amount of R\$ 165,128 as of September 30, 2010 (R\$ 150,297 as of June

30, 2010) and have recorded a corresponding liability.

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Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Subsidiaries Cia. Ultragaz, Utingás Armazenadora S.A. (“Utingás”), Tequimar, Transultra and Ultracargo Participações have filed actions with a motion for preliminary injunction seeking full and immediate utilization of the supplementary monetary adjustment based on the Consumer Price Index (IPC)/National Treasury Bonds (BTN) for 1990 (Law 8200/91); the subsidiaries Cia Ultragaz, Utingás and Tequimar opted to include the contingencies related to their processes within the Law 11941/09 amnesty and reclassified the contingencies’ amount to the line of taxes payables. The other subsidiaries maintain a provision of R\$ 962 as of September 30, 2010 (R\$ 944 as of June 30, 2010) to cover any contingencies if they lose such actions.

The Company and some of its subsidiaries have filed actions with a motion for preliminary injunction against the application of the law restricting offset of tax losses (IRPJ) and negative tax bases (CSLL) determined as of December 31, 1994 to 30% of the income for the year. As a result of the position of the Federal Supreme Court (STF) and based on the opinion of its legal counsel, a provision was recorded for this contingency in the amount of R\$ 6,428 as of September 30, 2010 (R\$ 6,375 as of June 30, 2010). The subsidiary Ultracargo Participações decided to include an administrative case related to this thesis within the Law 11941/09 amnesty and reclassified part of the provisioned contingency to the line of taxes payable.

The subsidiary IPP has proposed a Declaratory Action questioning the constitutionality of Law No. 9316/96, which denied the CSLL from the IRPJ calculation basis. This action had its application denied at lower court levels, and the subsidiary is awaiting the judgment of the appeal made to the STF. As a result of the decisions issued, the subsidiary has constituted judicial deposits and recorded a provision for contingencies amounting to R\$ 12,716 as of September 30, 2010 (R\$ 12,528 as of June 30, 2010).

The subsidiaries Oxiteno Nordeste and Oxiteno S.A. have a lawsuit for the exclusion of export revenues from the tax base for CSLL. The preliminary injunction was granted to Oxiteno Nordeste and the subsidiary is making judicial deposits of the amounts in discussion, as well as provisioning the corresponding contingency in the amount of R\$ 960 as of September 30, 2010 (R\$ 938 as of June 30, 2010); the subsidiary Oxiteno S.A. awaits judgment of appeal against the sentence which denied the requested preliminary injunction, and is still normally paying the CSLL. Although in August 2010 the STF has positioned itself against the thesis, this decision is effective just between the parties involved in that lawsuit, not affecting directly the subsidiaries lawsuit.

The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Transultra, RPR, Tropical Transportes Ipiranga Ltda. (“Tropical”), Empresa Carioca de Produtos Químicos S.A. (“EMCA”) e IPP, filed for a preliminary injunction seeking the deduction of ICMS from the PIS and COFINS tax basis. Oxiteno Nordeste and IPP obtained an injunction and are paying the disputed amounts into judicial deposits, as well as recording the respective provision in the amount of R\$ 53,520 as of September 30, 2010 (R\$ 49,436 as of June 30, 2010); the others subsidiaries did not obtain a preliminary injunction and are awaiting the judgment of these lawsuits in the Federal Regional Courts.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Reais, unless otherwise stated)

The Company and its subsidiaries obtained preliminary injunctions to pay PIS and COFINS contributions without the changes introduced by Law 9718/98 in its original version. The ongoing questioning refers to the levy of these taxes on sources other than revenues. In 2005, the STF decided the question in favor of the taxpayer. Although it has set a precedent, the effect of this decision does not automatically apply to all companies, since they must await judgment of their own legal lawsuits. The Company has subsidiaries whose lawsuits have not yet been decided. If all ongoing lawsuits are finally decided in favor of the subsidiaries, the Company estimates that the total positive effect on income before income tax and social contribution will reach R\$ 35,201, net of attorney's fees.

The Company and its subsidiaries are recording provision for PIS and COFINS calculated on the basis of the interest on capital. The total amount accrued is R\$ 22,683 as of September 30, 2010 (R\$ 22,317 as of June 30, 2010).

The subsidiary IPP has provisions for contingencies related to ICMS related mainly to: (a) ownership of the credit for the difference between the value that was the basis for the retention tax and the amount actually practiced in sales to final consumers, resulting in excessive retention of ICMS by the refineries, R\$ 9,863 (b) delinquency notice for interstate sales of fuel to industrial customers without taxation of ICMS, because the interpretation of Article 2 of the LC 87/96, R\$ 26,829, (c) requirement of the reversal of ICMS credits in the State of Minas Gerais, in the interstates, made under Article 33 of the ICMS Convention 66/88, which allowed the maintenance of the credits and was suspended by a preliminary injunction granted by the STF, R\$ 4,072, (d) requirement of ICMS-ST on interstate sales from the distributors to final consumers, because there is no retention under the duration of the Conventions ICMS 105/92 and 112/93 R\$ 4,699, (e) attorney's fees relating to court proceedings for stay of execution, which qualified for tax amnesty in the State of Minas Gerais, because, at the time of qualification, the fees had already been awarded against the subsidiary, R\$ 8,848, (f) payment of ICMS on the grounds of lack of payment, where many were the reasons that gave rise to the tax assessments and regarding which the rebuttal evidence was not apparent, R\$ 13,947. In the second quarter of 2010, subsidiary IPP adhered to the amnesties granted by the states of Goiás, Pará, Paraíba, Tocantins and Paraná, and in the third quarter adhered to the amnesty granted by the state of Minas Gerais and partially paid its contingent liabilities, reducing its tax liability of ICMS.

The main tax claims of the subsidiary IPP that were considered to pose a possible risk of loss, and based on this position, have not been provided for in the interim financial statements, relate to ICMS and related mainly to: (a) assessments for lack of retention of ICMS-ST in the sale of petroleum products to customers who held decisions designed to separate the tax substitution, R\$ 11,733, (b) requirement of proportionate reversal of ICMS credits in view of the acquisitions of hydrous ethanol to give higher values than the its sales, because of the transfer of a portion of financial support for agriculturists (FUPA) made by the distributors upon the acquisitions subsequently reimbursed by the DNC, R\$ 81,869, (c) undue credit, relating to recognized ICMS tax credits in the subsidiary tax books, regarding which the Tax Authorities understand that there was no proof of their origin, R\$ 13,615 (d) assessments for alleged lack of tax payment, R\$ 22,034; (e) records of notices issued in Ourinhos / SP for the operations to return the loan of ethanol made with tax deferral, R\$ 22,078, (f) assessments in the State of Rio de Janeiro demanding the reversal of ICMS credits generated in interstate shipments made under Article 33

Ultrapar Participações S.A. and Subsidiaries

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of the ICMS Convention 66/88, which allowed the maintenance of credit and was suspended by a preliminary injunction granted by STF, R\$ 9,688, (g) disallowance of ICMS credits taken in the bookkeeping of bills considered inapt, though the understanding of the STJ is in the sense that it is possible to take credit for the buyer even if there is defect in the document of the seller, provided that the remains confirmed that the transaction actually took place, R\$ 17,409, and (h) assessments arising from surplus or shortage of stock, occurred due to differences in temperature or handling the product in which the review believes that there is input or output without a corresponding issue of invoice, R\$ 15,269. In addition, assessment notices were issued against subsidiary Tropical relating to the disallowance of ICMS credits legitimately recognized by the company, on the grounds that, allegedly, not all of the formalities required under the applicable law were met. They were classified as a possible loss, for which no provision was recognized, in the amount of R\$ 15,864 as of September 30, 2010.

Still on loss contingencies classified as possible, the subsidiary IPP has infraction of the non-approval of set-off of IPI credits appropriate under inputs taxed whose outputs were under the protection of immunity. The non-provisioned amount of contingency, updated as of September 30, 2010, is R\$ 57,366 (R\$ 55,339 as of June 30, 2010). The subsidiary also has legal lawsuits to guarantee the compensation of overpaid PIS values before the declaration of unconstitutionality of Decrees 2445/88 and 2449/88, and decided to include part of these cases within the Law 11941/09 amnesty, recording the corresponding amount of R\$ 29,935 as taxes payable. The non-provisioned amount for the others cases updated as of September 30, 2010 is R\$ 50,336 (R\$ 49,760 as of June 30, 2010).

In 1990, the Union of Workers in Petrochemical Plants, of which the employees of the subsidiaries Oxiteno Nordeste and EMCA are members, filed an action against the subsidiaries to enforce adjustments established under a collective labor agreement, in lieu of the salary policies actually implemented. At the same time, the Employers' Association proposed a collective bargaining for interpretation and clarification of Clause Four of the agreement. Based on the opinion of its legal counsel, who reviewed the latest decision of STF in the collective bargaining and the position of the individual action of the subsidiary Oxiteno Nordeste, management of the subsidiaries did not deem it necessary to record a provision as of September 30, 2010.

Subsidiary Cia. Ultragaz is facing an administrative case pending before the CADE, for alleged anticompetitive practice in cities in the Triângulo Mineiro region in 2001. Recently, the CADE entered a decision against Cia. Ultragaz imposing a penalty of R\$ 23,104. This administrative decision had its execution suspended under court order and the merits are being discussed in court. Based on the above elements and on the opinion of its legal counsel, the subsidiary's management did not record a provision to this contingency.

Subsidiary Cia. Ultragaz is the defendant in legal proceedings for damages arising from an explosion in 1996 in a shopping mall located in the City of Osasco, State of São Paulo. Such proceedings involve: (i) individual proceedings brought by victims of the explosion seeking compensation for loss of income and pain and suffering (ii) request for compensation for expenses of the shopping mall administrator and its insurer; and (iii) class action seeking economic and non-economic damages for all victims injured and dead. The subsidiary believes that it produced evidence that the defective gas pipelines in the shopping mall caused the

## Ultrapar Participações S.A. and Subsidiaries

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accident, and Ultragaz's local LPG storage facilities did not contribute to the explosion. Out of the 64 actions decided to date, 63 were favorable, of which 33 are already shelved; only 1 was adverse and the subsidiary was sentenced to pay R\$ 17. There is only 1 action yet to be decided. The subsidiary has insurance coverage for these legal proceedings, and the value not insured is R\$ 19,554. The Company did not record any provision for this value because it considers the chances of realization of this contingency as essentially remote.

The Company and its subsidiaries have provisions for settlement of terms of contracts with customers and ex-service providers, as well as environmental issues, in the amount of R\$ 88,179 as of September 30, 2010 (R\$ 86,781 as of June 30, 2010) and also a provision of R\$ 24,718 as of September 30, 2010 (R\$ 17,602 as of June 30, 2010) to meet the contingencies of labor litigation.

The Company and its subsidiaries have other pending administrative and legal proceedings, which were estimated by their legal counsel as possible and/or remote risk (less-likely-than-50%), and the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries also have litigations for recovery of taxes and contributions, which were not recorded in the interim financial statements due to their contingent nature.

Movements in provisions are as follows:

| Provisions       | Balance as<br>of<br>06/30/2010 | Additions     | Write-offs       | Adjustments  | Balance as<br>of<br>09/30/2010 |
|------------------|--------------------------------|---------------|------------------|--------------|--------------------------------|
| IRPJ and CSLL    | 182,963                        | 16,376        | -                | 3,506        | 202,845                        |
| PIS and COFINS   | 74,494                         | 3,039         | (330 )           | 1,439        | 78,642                         |
| ICMS             | 159,294                        | 1,061         | (73,791 )        | 2,352        | 88,916                         |
| INSS             | 7,428                          | -             | (34 )            | 206          | 7,600                          |
| Civil litigation | 86,781                         | 1,939         | (1,390 )         | 849          | 88,179                         |
| Labor litigation | 17,602                         | 7,414         | (901 )           | 603          | 24,718                         |
| Others           | 2,405                          | -             | -                | 26           | 2,431                          |
| <b>Total</b>     | <b>530,967</b>                 | <b>29,829</b> | <b>(76,446 )</b> | <b>8,981</b> | <b>493,331</b>                 |

The Company and its subsidiaries decided to include within the amnesty introduced by Law 11941/09 some of their debts before the Federal Revenue Service, General Attorney of the National Treasury and Social Security with the benefits of reduction of fines, interest and legal charges set in this Law, and recorded in its interim financial information for March 31, 2010 an expense of R\$ 15,264, net of taxes.

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## Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

## b. Contracts

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

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

If the annual movement is less than the minimum required, then the subsidiary will have to pay the difference between the actual movement and the minimum required by the agreements, using the port rates in effect at the date established for payment. As of September 30, 2010, such charges were R\$ 5.79 and R\$ 1.38 per ton for Aratu and Suape, respectively. The subsidiary has met the minimum cargo movement requirements since the beginning of the agreements.

Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. setting a minimum value for quarterly consumption of ethylene and establishing conditions for the supply of ethylene until 2021. The minimum purchase commitment and the actual demand accumulated to September 30, 2010 and September 30, 2009, expressed in tons of ethylene, are shown below. In case of breach of the minimum purchase commitment, the subsidiary agrees to pay a penalty of 40% of the current ethylene price, to the extent of the shortfall. The provision of minimum purchase commitment is under renegotiation with Braskem, including the minimum purchase commitment related to 2009.

|                     | Minimum purchase commitment (accumulated until September) |         | Accumulated demand until September (actual) |         |
|---------------------|---|---------|---|---------|
|                     | 2010  | 2009    | 2010  | 2009    |
| In tons of ethylene | 129,318 (*)   | 142,110 | 137,509                                     | 121,382 |

(\*) Adjusted for the maintenance stoppage carried out by Braskem in the period.

Subsidiary Oxiteno S.A has an ethylene supply agreement with Quattor Química S.A., maturing in 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 19,800 tons of ethylene semiannually. In case of breach, the subsidiary agrees to pay a penalty of 30% of the current ethylene price, to the extent of the shortfall.



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c. Insurance coverage in subsidiaries

The Company maintains appropriate insurance policies to cover several risks to which it is exposed, including asset insurance against losses caused by fire, lightning, explosion of any kind, gale, aircraft crash, and electric damage, and other risks, covering the bases and other branches of all subsidiaries, except RPR, which maintains its own insurance. The maximum compensation value, including loss of profits, based on the risk analysis of maximum loss possible at a certain site is US\$ 1,050 million.

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

Group Life and Personal Accident, Health, National and International Transportation and All Risks insurance policies are also maintained.

The coverages and limits of the insurance policies maintained are based on a careful study of risks and losses conducted by local insurance advisors, and the type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies. The risk assumptions adopted, given their nature, are not part of the scope of a review on interim financial information, and consequently haven't been reviewed by our independent accountants.

d. Operating lease contracts

The subsidiaries IPP and Serma have operating lease contracts for the use of IT equipment.

These contracts have terms of 36 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option.

The future disbursements (installments), assumed under these contracts, total approximately:

|                  | 09/30/2010 | 06/30/2010 |
|------------------|------------|------------|
| Up to 1 year     | 752        | 752        |
| More than 1 year | 588        | 776        |
|                  | 1,340      | 1,528      |

The total payments of operating lease recognized as expense for the quarter was R\$ 188 (R\$ 138 as of September 30, 2009).





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Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

25 Employee benefits and private pension plan (Consolidated)

a. ULTRAPREV- Associação de Previdência Complementar

The Company and its subsidiaries offer a defined-contribution pension plan to its employees, which is managed by Ultraprev - Associação de Previdência Complementar. Under the plan, the basic contribution of each participating employee is calculated by multiplying a percentage ranging from 0% to 11%, which is annually defined by the participant based on his/her salary. The sponsor companies match the amount of the basic contribution paid by the participant. As the participants retire, they choose to receive monthly either: (i) a percentage, ranging from 0.5% to 1.0%, of the fund accumulated for the participant with Ultraprev; or (ii) a fixed monthly amount that will exhaust the fund accumulated for the participant within a period ranging from 5 to 25 years. Thus, the Company and its subsidiaries do not assume responsibility for guaranteeing amounts and periods of pension benefits. As of September 30, 2010, the Company and its subsidiaries contributed R\$ 9,633 (R\$ 8,161 as of September 30, 2009) to Ultraprev, which amount is recorded as expense in the income statement for the year. The total number of employees participating in the plan as of September 30, 2010 was 7,253 active participants and 48 retired participants. In addition, Ultraprev had 30 former employees receiving benefits under the previous plan whose reserves are fully constituted.

b. Post-employment benefits

Ipiranga and RPR recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Severance Pay Fund, and health and life insurance plan for eligible retirees.

The net liabilities for such benefits recorded as of September 30, 2010 are R\$ 102,040 (R\$ 102,040 as of June 30, 2010), of which R\$ 11,955 (R\$ 11,955 as of June 30, 2010) are recorded as current liabilities and R\$ 90,085 (R\$ 90,085 as of June 30, 2010) as long-term liabilities.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary and are recorded in the interim financial statements in accordance with Resolution CVM 371/2000.

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Notes to the interim financial statements

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Expenses by nature

The Company opted for disclosing its consolidated income statement by function and is presenting below its breakdown by nature:

|   | 09/30/2010        | 09/30/2009        |
|---|-------------------|-------------------|
| Raw materials and materials for use and consumption | 28,313,886        | 23,228,656        |
| Freight and storage                                 | 497,619           | 403,501           |
| Depreciation and amortization                       | 396,672           | 386,967           |
| Personnel expenses                                  | 774,904           | 709,753           |
| Advertising and marketing                           | 88,548            | 79,731            |
| Services provided by third parties                  | 88,492            | 89,076            |
| Lease of real property and equipment                | 41,624            | 44,782            |
| Other expenses                                      | 121,896           | 111,551           |
| <b>Total</b>  | <b>30,323,641</b> | <b>25,054,017</b> |
| Classified as:                                      |                   |                   |
| Cost of products and services sold                  | 28,917,987        | 23,772,644        |
| General and administrative                          | 544,128           | 554,013           |
| Selling and marketing                               | 861,526           | 727,360           |
| <b>Total</b>  | <b>30,323,641</b> | <b>25,054,017</b> |

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## Ultrapar Participações S.A. and Subsidiaries

## Notes to the interim financial statements

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## 27 Earnings per share

The table below presents a reconciliation of numerators and denominators used in the computing earnings per share. As mentioned in Note 9.c), the Company has a share compensation plan. The impact of this share compensation plan on earnings per share was minimal for all the periods presented and consequently, the Company has not been presenting a separate calculation of diluted earnings per share.

|  | 09/30/2010 | 09/30/2009 |
|--|------------|------------|
| Net income attributable to shareholders of the Company | 518,178    | 300,573    |
| Weighted average shares outstanding (in thousands)     | 133,951    | 133,888    |
| Basic and diluted earnings per share – whole R\$       | 3.87       | 2.24       |

## 28 Other comprehensive income

Other comprehensive income comprises movements recognized directly in shareholders' equity, such as the valuation adjustment and the cumulative translation adjustments, which, if recognized in the income statement would affect the net income.

|   | 09/30/2010 | 09/30/2009 |
|---|------------|------------|
| Net income attributable to shareholders of the Company                              | 518,178    | 300,573    |
| Net income attributable of non-controlling interest in subsidiaries                 | (397 )     | 3,713      |
| Net income under New BR GAAP  | 517,781    | 304,286    |
| Valuation adjustment (see Note 19.g)  | (2,446 )   | (2,569 )   |
| Cumulative translation adjustments (see Note 19.h)                                  | (2,608 )   | (5,701 )   |
| Total comprehensive income  | 512,727    | 296,016    |
| Total comprehensive income attributable to shareholders of the Company              | 513,124    | 292,303    |
| Total comprehensive income attributable of non-controlling interest in subsidiaries | (397 )     | 3,713      |

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

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Other information – Market announcement

On October 2010, the Company, through its subsidiary IPP, signed a sale and purchase agreement for the acquisition of 100% of the shares of Distribuidora Nacional de Petróleo Ltda. (“DNP”). On November 1, 2010, Ultrapar concluded the financial settlement of the acquisition of 100% of the shares of DNP. The total value of the acquisition is R\$ 85 million, with initial disbursement of R\$ 47 million e additional R\$ 38 million within 60 days after the settlement date, subject to working capital and net indebtedness adjustments existing on the closing date.

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## OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council as of September 30, 2010 (number of shares)

|                          | Sep-30-10  |           |            |
|--------------------------|------------|-----------|------------|
|                          | Common     | Preferred | Total      |
| Controlling Shareholders | 33,748,057 | 40,271    | 33,788,328 |
| Board of Directors 1     | 46         | 42,007    | 42,053     |
| Officers 2               | –          | 280,775   | 280,775    |
| Fiscal Council           | –          | 1,100     | 1,100      |

Note: 1 Shares owned by members of the Board of Directors which were not included in Controlling Shareholders' position. Should the member not be part of the controlling group, only its direct ownership is included.

2 Shares owned by Officers which were not included in Controlling Shareholders' position

Shares directly or indirectly owned by the controlling shareholders, members of the Board of Directors, Executive Officers and members of the Fiscal Council (number of shares)

|                          | Sep-30-10  |           |            | Sep-30-09  |           |            |
|--------------------------|------------|-----------|------------|------------|-----------|------------|
|                          | Common     | Preferred | Total      | Common     | Preferred | Total      |
| Controlling Shareholders | 33,748,057 | 40,271    | 33,788,328 | 33,748,057 | 294,732   | 34,042,789 |
| Board of Directors 1     | 46         | 42,007    | 42,053     | 46         | 42,007    | 45,053     |
| Officers 2               | –          | 280,775   | 280,775    | –          | 250,775   | 250,775    |
| Fiscal Council           | –          | 1,100     | 1,100      | –          | 1,071     | 1,071      |

Note: 1 Shares owned by members of the Board of Directors which were not included in Controlling Shareholders' position.

2 Shares which were not included in Controlling Shareholders' positions.

Total free float and its percentage of total shares as of September 30, 2010 (number of shares)

|  | Common     | Preferred  | Total       |
|--|------------|------------|-------------|
| Total Shares                                 | 49,429,897 | 86,666,102 | 136,095,999 |
| (-) Shares held in treasury                  | 6,617      | 2,138,772  | 2,145,389   |
| (-) Shares owned by Controlling Shareholders | 33,748,057 | 40,271     | 33,788,328  |
| (-) Shares owned by Management               | 46         | 322,782    | 322,828     |
| (-) Shares owned by affiliates *             | –          | 172,700    | 172,700     |
| Free-float                                   | 15,675,177 | 83,991,577 | 99,666,754  |
| % Free-float / Total Shares                  | 31.71      | % 96.91    | % 73.23     |

\*Subsidiaries



The Company's shareholders that hold more than 5% of voting or non-voting capital, up to the individual level, and breakdown of their shareholdings as of September 30, 2010 (number of shares)

## ULTRAPAR PARTICIPAÇÕES

| S.A                             | Common     | %      | Preferred  | %      | Total       | %      |
|---------------------------------|------------|--------|------------|--------|-------------|--------|
| Ultra S.A. Participações        | 32,646,694 | 66.05  | 12         | 0.00   | 32,646,706  | 23.99  |
| Aberdeen Asset Management       |            |        |            |        |             |        |
| PLC 1                           | –          | –      | 11,942,785 | 13.78  | 11,942,785  | 8.78   |
| Parth Investments Company 2     | 9,311,730  | 18.84  | 1,396,759  | 1.61   | 10,708,489  | 7.87   |
| Caixa de Previdência dos        |            |        |            |        |             |        |
| Funcionários do Banco do Brasil |            |        |            |        |             |        |
| 3                               | –          | –      | 7,930,124  | 9.15   | 7,930,124   | 5.83   |
| Monteiro Aranha S.A. 4          | 5,212,637  | 10.55  | 972,588    | 1.12   | 6,185,225   | 4.54   |
| Dodge & Cox, Inc. 5             | –          | –      | 6,067,632  | 7.00   | 6,067,632   | 4.46   |
| Lazard Asset Management LLC5    | –          | –      | 4,349,229  | 5.02   | 4,349,229   | 3.20   |
| Genesis Asset Management        | –          | –      | 4,341,794  | 5.01   | 4,341,794   | 3.19   |
| Shares held in treasury         | 6,617      | 0.01   | 2,138,772  | 2.47   | 2,145,389   | 1.58   |
| Others                          | 2,252,219  | 4.56   | 47,526,407 | 54.84  | 47,778,626  | 36.58  |
| TOTAL                           | 49,429,897 | 100.00 | 86,666,102 | 100.00 | 136,095,999 | 100.00 |

1 Fund managers headquartered in England (according to relevant shareholder position notice disclosed by the respective funds)

2 Company headquartered outside of Brazil, ownership information is not available

3 Pension fund of employees of Banco do Brasil headquartered in Brazil

4 Brazilian public listed company, ownership information is publicly available

5 Fund manager headquartered in the United States (according to relevant shareholder position notice disclosed by the respective funds)

| ULTRA S.A. PARTICIPAÇÕES      | Common     | %      | Preferred  | %      | Total      | %      |
|-------------------------------|------------|--------|------------|--------|------------|--------|
| Fábio Igel                    | 12,065,160 | 19.09  | 4,954,685  | 19.55  | 17,019,845 | 19.22  |
| Ana Maria Villela Igel        | 2,570,136  | 4.07   | 9,208,690  | 36.34  | 11,778,826 | 13.30  |
| Christy Participações Ltda.   | 6,425,199  | 10.17  | 4,990,444  | 19.69  | 11,415,643 | 12.89  |
| Paulo Guilherme Aguiar Cunha  | 10,654,109 | 16.86  | –          | –      | 10,654,109 | 12.03  |
| Márcia Igel Joppert           | 7,084,323  | 11.21  | 2,062,988  | 8.14   | 9,147,311  | 10.33  |
| Rogério Igel                  | 7,311,004  | 11.57  | 1,615,027  | 6.37   | 8,926,031  | 10.08  |
| Joyce Igel de Castro Andrade  | 6,398,967  | 10.12  | 2,062,989  | 8.14   | 8,461,956  | 9.56   |
| Lucio de Castro Andrade Filho | 3,775,470  | 5.97   | –          | –      | 3,775,470  | 4.26   |
| Others                        | 6,917,680  | 10.95  | 448,063    | 1.77   | 7,365,743  | 8.32   |
| TOTAL                         | 63,202,048 | 100.00 | 25,342,886 | 100.00 | 88,544,934 | 100.00 |

Others: other individuals, none of them holding more than 5%

| CHRISTY PARTICIPAÇÕES S.A           | Capital Stock | %      |
|-------------------------------------|---------------|--------|
| Maria da Conceição Coutinho Beltrão | 3,066         | 34.90  |
| Hélio Marcos Coutinho Beltrão       | 1,906         | 21.70  |
| Cristiana Coutinho Beltrão          | 1,906         | 21.70  |
| Maria Coutinho Beltrão              | 1,906         | 21.70  |
| TOTAL                               | 8,784         | 100.00 |

## Interest in the subsidiaries

| 1 - Item | 2 - Company name  | 3 - Corporate taxpayer number (CNPJ) | 4 - Classification                | 5 - % of ownership interest in investee | 6 - % of Investor's equity | 7 - Type of company              | 8 - Number of shares held in the current quarter (in thousands) | 9 - o he pri th |
|----------|---|--------------------------------------|-----------------------------------|---|----------------------------|----------------------------------|---|-----------------|
| 1        | Ultracargo - Operações Logísticas e Participações Ltda. | 34.266.973/0001-99                   | Closely-held subsidiary           | 100%                                    | 13.95%                     | Commercial, industrial and other | 9,324   |                 |
| 2        | Terminal Químico de Aratu S.A.                          | 14.688.220/0001-64                   | Investee of subsidiary/affiliated | 99%                                     | 15.15%                     | Commercial, industrial and other | 63,372  |                 |
| 3        | União/Vopak Armazéns Gerais Ltda.                       | 77.632.644/0001-27                   | Investee of subsidiary/affiliated | 50%                                     | 0.11%                      | Commercial, industrial and other | 30  |                 |
| 4        | Ultracargo Argentina S.A.                               | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.00%                      | Commercial, industrial and other | 454   |                 |
| 5        | Oxiten S.A. Indústria e Comércio                        | 62.545.686/0001-53                   | Closely-held subsidiary           | 100%                                    | 34.65%                     | Commercial, industrial and other | 35,102  |                 |
| 6        | Oxiten Nordeste S.A. Indústria e Comércio               | 14.109.664/0001-06                   | Investee of subsidiary/affiliated | 100%                                    | 15.70%                     | Commercial, industrial and other | 8,505   |                 |
| 7        | Oxiten Argentina Sociedad de Responsabilidad Ltda.      | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.00%                      | Commercial, industrial and other | 117   |                 |
| 8        | Oleoquímica Ind e Com de Prod Quím Ltda.                | 07.080.388/0001-27                   | Investee of subsidiary/affiliated | 100%                                    | 10.50%                     | Commercial, industrial and other | 590,815   |                 |
| 9        | Barrington S.L.   | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.99%                      | Commercial, industrial and other | 554   |                 |
| 10       | Oxiten Mexico S.A. de CV                                | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.53%                      | Commercial, industrial and other | 122,048   |                 |
| 11       | Oxiten Andina, C.A .                                    | OFF-SHORE                            | Investee of subsidiary/affiliated | 100%                                    | 0.49%                      | Commercial, industrial           | 12,076  |                 |



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|    |  |                    |                                      |      |        |  |                |
|----|--|--------------------|--------------------------------------|------|--------|--|----------------|
|    |  |                    |                                      |      |        | and other                              |                |
| 12 | Oxiteno Europe<br>SPRL                               | OFF-SHORE          | Investee of<br>subsidiary/affiliated | 100% | 0.02%  | Commercial,<br>industrial<br>and other | 1              |
| 13 | Empresa Carioca<br>de Produtos<br>Químicos S.A.      | 33.346.586/0001-08 | Investee of<br>subsidiary/affiliated | 100% | 0.40%  | Commercial,<br>industrial<br>and other | 199,323        |
| 14 | Ipiranga<br>Produtos de<br>Petróleo S.A.             | 33.337.122/0001-27 | Closely-held<br>subsidiary           | 100% | 45.22% | Commercial,<br>industrial<br>and other | 224,467,228 22 |
| 15 | Centro de<br>Conveniências<br>Millennium<br>Ltda.    | 03.546.544/0001-41 | Investee of<br>subsidiary/affiliated | 100% | 0.04%  | Commercial,<br>industrial<br>and other | 1,171          |
| 16 | Conveniências<br>Ipiranga Norte<br>Ltda.             | 05.378.404/0001-37 | Investee of<br>subsidiary/affiliated | 100% | 0.07%  | Commercial,<br>industrial<br>and other | 164            |
| 17 | Ipiranga Trading<br>Ltd.                             | OFF-SHORE          | Investee of<br>subsidiary/affiliated | 100% | 0.00%  | Commercial,<br>industrial<br>and other | 50             |
| 18 | Tropical<br>Transportes<br>Ipiranga Ltda.            | 42.310.177/0001-34 | Investee of<br>subsidiary/affiliated | 100% | 0.37%  | Commercial,<br>industrial<br>and other | 254            |
| 19 | Ipiranga<br>Imobiliária Ltda.                        | 07.319.798/0001-88 | Investee of<br>subsidiary/affiliated | 100% | 1.18%  | Commercial,<br>industrial<br>and other | 55,746         |
| 20 | Ipiranga<br>Logística Ltda.                          | 08.017.542/0001-89 | Investee of<br>subsidiary/affiliated | 100% | 0.01%  | Commercial,<br>industrial<br>and other | 510            |
| 21 | Maxfácil<br>Participações<br>S.A.                    | 08.077.294/0001-61 | Investee of<br>subsidiary/affiliated | 50%  | 1.80%  | Commercial,<br>industrial<br>and other | 11             |
| 22 | Isa-Sul<br>Administração e<br>Participações<br>Ltda. | 89.548.606/0001-70 | Investee of<br>subsidiary/affiliated | 100% | 0.17%  | Commercial,<br>industrial<br>and other | 3,515          |
| 23 | Imaven Imóveis<br>Ltda.                              | 61.604.112/0001-46 | Investee of<br>subsidiary/affiliated | 100% | 3.98%  | Commercial,<br>industrial<br>and other | 116,179        |
| 24 | Companhia<br>Ultragas S.A.                           | 61.602.199/0001-12 | Investee of<br>subsidiary/affiliated | 99%  | 8.80%  | Commercial,<br>industrial<br>and other | 800,079        |
| 25 | Bahiana<br>Distribuidora de<br>Gás Ltda.             | 46.395.687/0001-02 | Investee of<br>subsidiary/affiliated | 100% | 4.12%  | Commercial,<br>industrial<br>and other | 24             |

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|    |   |                    |                                      |      |       |  |        |
|----|---|--------------------|--------------------------------------|------|-------|--|--------|
| 26 | Utingás<br>Armazenadora<br>S.A.                                       | 61.916.920/0001-49 | Investee of<br>subsidiary/affiliated | 56%  | 0.32% | Commercial,<br>industrial<br>and other | 3,074  |
| 27 | LPG<br>International<br>INC.  | OFF-SHORE          | Investee of<br>subsidiary/affiliated | 100% | 0.10% | Commercial,<br>industrial<br>and other | 1      |
| 28 | am/pm<br>Comestíveis<br>Ltda.   | 40.299.810/0001-05 | Investee of<br>subsidiary/affiliated | 100% | 0.57% | Commercial,<br>industrial<br>and other | 13,497 |
| 29 | Oil Trading<br>Importadora e<br>Exportadora<br>Ltda.                  | 11.454.455/0001-01 | Investee of<br>subsidiary/affiliated | 100% | 0.80% | Commercial,<br>industrial<br>and other | 40,000 |
| 30 | Refinaria de<br>Petróleo<br>Riograndense<br>S.A.                      | 94.845.674/0001-30 | Closely-held<br>subsidiary           | 33%  | 0.13% | Commercial,<br>industrial<br>and other | 5,079  |
| 31 | Serma<br>Assoc.Usuarios<br>Equip. Proc.<br>Dados e<br>Serv.Correlatos | 61.601.951/0001-00 | Closely-held<br>subsidiary           | 100% | 0.00% | Commercial,<br>industrial<br>and other | 8,059  |

MD&A - ANALYSIS OF CONSOLIDATED EARNINGS

## ULTRAPAR PARTICIPAÇÕES S.A.

## MD&amp;A - ANALYSIS OF CONSOLIDATED EARNINGS

Third Quarter 2010

## (1) Key Indicators - Consolidated:

| (R\$ million)  | 3Q10       | 3Q09      | 2Q10      | Change<br>3Q10 X<br>3Q09 | Change<br>3Q10 x<br>2Q10 | 9M10       | 9M09       | Change<br>9M10 X<br>9M09 |
|--|------------|-----------|-----------|--------------------------|--------------------------|------------|------------|--------------------------|
| Net sales and services                               | 10,910.6   | 9,651.0   | 10,382.6  | 13%                      | 5%                       | 31,226.6   | 25,680.1   | 22%                      |
| Cost of sales and services                           | (10,105.8) | (8,932.0) | (9,573.7) | 13%                      | 6%                       | (28,918.0) | (23,772.6) | 22%                      |
| Gross Profit   | 804.8      | 719.0     | 808.9     | 12%                      | -1%                      | 2,308.6    | 1,907.4    | 21%                      |
| Selling, general and administrative expenses         | (475.1)    | (474.3)   | (474.6)   | 0%                       | 0%                       | (1,405.7)  | (1,281.4)  | 10%                      |
| Other operating income (expense), net                | 2.7        | 2.8       | 2.0       | -4%                      | 34%                      | 11.8       | 9.4        | 26%                      |
| Income on disposal of assets                         | 11.1       | 6.2       | (2.2)     | 78%                      | -612%                    | 9.3        | 15.8       | -41%                     |
| Income from operations before financial items        | 343.5      | 253.8     | 334.2     | 35%                      | 3%                       | 924.1      | 651.2      | 42%                      |
| Financial (expense) income, net                      | (60.7)     | (66.0)    | (65.8)    | -8%                      | -8%                      | (199.7)    | (214.5)    | -7%                      |
| Equity in subsidiaries and affiliated companies      | (0.0)      | 0.1       | (0.2)     | -139%                    | -87%                     | (0.2)      | 0.1        | -268%                    |
| Income before taxes and social contribution          | 282.8      | 187.8     | 268.2     | 51%                      | 5%                       | 724.2      | 436.8      | 66%                      |
| Income and social contribution taxes                 | (87.4)     | (70.8)    | (85.1)    | 24%                      | 3%                       | (230.9)    | (147.7)    | 56%                      |
| Benefit of tax holidays                              | 8.8        | 5.4       | 8.5       | 63%                      | 4%                       | 24.4       | 15.2       | 61%                      |
| Net income for the year                              | 204.1      | 122.4     | 191.6     | 67%                      | 7%                       | 517.8      | 304.3      | 70%                      |
| Net income attributable to Ultrapar                  | 202.6      | 121.4     | 190.3     | 67%                      | 6%                       | 518.2      | 300.6      | 72%                      |
| Net income attributable to non-controlling interests | 1.5        | 1.0       | 1.3       | 51%                      | 18%                      | (0.4)      | 3.7        | -111%                    |
| EBITDA   | 465.3      | 393.0     | 467.0     | 18%                      | 0%                       | 1,311.4    | 1,022.4    | 28%                      |
|  | 427.4      | 425.0     | 406.9     | 1%                       | 5%                       | 1,205.0    | 1,189.6    | 1%                       |

|  |         |         |         |     |    |          |          |     |
|--|---------|---------|---------|-----|----|----------|----------|-----|
| Volume – LPG sales –<br>thousand tons              |         |         |         |     |    |          |          |     |
| Volume – Fuels sales –<br>thousand of cubic meters | 5,244.0 | 4,786.3 | 4,984.3 | 10% | 5% | 14,825.1 | 12,191.7 | 22% |
| Volume – Chemicals<br>sales – thousand tons        | 174.8   | 169.0   | 175.5   | 3%  | 0% | 514.1    | 452.7    | 14% |

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Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

Ultrapar's financial statements for the year ended December 31st, 2009 were prepared in accordance with the accounting directives set out in the Brazilian Corporate Law, being adopted the alterations introduced by Laws 11,638/07 and 11,941/09 (former Provisional Measure 449/08), as well as the CVM standards, instructions and guidelines, which regulate them. In connection with the process of converging the accounting practices adopted in Brazil to the international financial reporting standards (IFRS), several guidelines, interpretations, and orientations were issued during 2009 and 2010 establishing a new accounting standard in Brazil ("New BR GAAP"). Ultrapar decided to adopt the New BR GAAP in its interim financial statements for the nine-month period ended September 30th, 2010 and information for 2009 contained therein. The interim financial statements for June 30th, 2010 and March 31st, 2010, as well as the information for 2009, were restated and presented in accordance with the New BR GAAP, as described in Note 3 of the interim financial statements for September 30th, 2010.

For an understanding of the effects of the adoption of the new legislation, we released financial spreadsheets on CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)) as well as on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)) demonstrating the impacts of the accounting changes introduced by the New BR GAAP on the main line items of the quarterly financial statements for 2009 and 2010, year ended December 31st, 2009, and nine-month period ended September 30th, 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 New BR GAAP is available in notes 2 and 3 of the interim financial statements for September 30th, 2010.

The financial information of Ultragas, Ipiranga, Oxiteno, and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of 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 of 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 closing of the transaction 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 concluded the sale of Ultracargo's in-house logistics, solid bulk storage and road transportation businesses, with the transfer of the 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 the announcement of the transaction on March 31st, 2010. Consequently, the financial statements of Ultrapar and Ultracargo from 3Q10 onwards include only the results of the liquid bulk storage business.

Effect of the acquisition of 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, subject to working capital and indebtedness adjustments on the closing date. Ultrapar and Ipiranga's financial

statements will start to consolidate the results of the acquired business from the closing of the acquisition, occurred on November 1st, 2010.

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## (2) Performance Analysis:

Net Sales and Services: Ultrapar's consolidated net sales and services amounted to R\$ 10,911 million in 3Q10, up 13% over 3Q09, as a consequence of the growth in sales in Ipiranga, Ultragaz, and Oxiteno. Compared with 2Q10, Ultrapar's net sales and services increased by 5%. In 9M10, Ultrapar's net sales and services amounted to R\$ 31,227 million, up 22% over 9M09, mainly as a consequence of the consolidation of Texaco's net sales and services from 2Q09 onwards.

Ultragaz: In 3Q10, Ultragaz's sales volume reached 427 thousand tons, up 1% over 3Q09. In the bottled segment, Ultragaz sales volume decreased by 0.8% as compared with 3Q09. In the bulk segment, sales volume grew 4% due to the higher level of economic activity and a recovery in the industrial activity. Compared with 2Q10, sales volume increased by 5% as a result of seasonality between periods. In 9M10, Ultragaz's sales volume totals 1,205 thousand tons, up 1% over 9M09. Ultragaz's net sales and services amounted to R\$ 975 million in 3Q10, up 5% over 3Q09, as a result of higher sales volume in the bulk segment, an increase in the cost of LPG used in the bulk segment from January 2010 onwards and commercial initiatives and operational efficiency programs implemented. Compared with 2Q10, net sales and services increased by 6%, in line with the sales volume progression. In 9M10, Ultragaz's net sales and services totaled R\$ 2,739 million, up 7% over 9M09.

Ipiranga: Ipiranga's sales volume totaled 5,244 thousand cubic meters in 3Q10, up 10% over that of 3Q09. The sales volume of fuels for light vehicles grew by 6%, mainly as a consequence of the increase in the light vehicle fleet during the last 12 months. The diesel volume grew 14% due to the higher level of economic activity in 3Q10. Compared with 2Q10, sales volume increased by 5% as a result of seasonality between quarters. In 9M10, Ipiranga accumulates sales volume of 14,825 thousand cubic meters, up 22% over Ipiranga's volume in 9M09, mainly on the back of the consolidation of Texaco's volume from 2Q09 onwards. Ipiranga's net sales and services amounted R\$ 9,320 million in 3Q10, up 14% over net sales and services for 3Q09, as a consequence of the increase in sales volume by 10% and the increase in ethanol costs. Compared with 2Q10, Ipiranga's net sales and services grew by 5%, in line with the sales volume progression. In 9M10, Ipiranga's net sales and services amounted R\$ 26,729 million, up 24% over 9M09, mainly as a consequence of the consolidation of Texaco's net sales and services from 2Q09 onwards.

Oxiteno: Oxiteno's sales volume totaled 175 thousand tons, up 3% (6 thousand tons) over 3Q09, highlighting the 11% increase in sales volume of specialty chemicals sold in the Brazilian market, on the back of higher level of economic activity compared with 3Q09, and enabled by the expansions in the production capacity. The total volume sold in Brazil rose by 8% (9 thousand tons), notably in specialty chemicals sold to the agrochemicals, cosmetics and detergents industries. Sales volume outside Brazil was down by 7% (4 thousand tons), due to higher spot sales of glycols and specialty chemicals in 3Q09. Compared with 2Q10, sales volume remained stable. Oxiteno's sales volume in 9M10 totals 514 thousand tons, up 14% over 9M09. Oxiteno's net sales and services totaled R\$ 538 million in 3Q10, up 12% over 3Q09, despite the 6% stronger Real, as a consequence of the recovery in average dollar prices and a 3% growth in sales volume. Compared with 2Q10, Oxiteno's net sales and services dropped by 2%, as a consequence of the stronger Real. Net sales and services in 9M10 totaled R\$ 1,559 million, up 10% over 9M09.

Ultracargo: In 3Q10, Ultracargo reported a 21% increase in average storage over 3Q09, mainly due to the consolidation of the terminal acquired in Suape in December 2009 and the higher volume of operations in the Santos and Aratu terminals, partially offset by a reduction in ethanol handling. Compared with 2Q10, Ultracargo's average effective storage was 5% higher. In 9M10, Ultracargo accumulates a 19% increase in the average effective storage of its terminals. Ultracargo's net sales and services totaled R\$ 65 million in 3Q10, down 25% from 3Q09 and 2Q10, respectively, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and road transportation businesses. In 9M10, Ultracargo's net sales and services totaled R\$ 234 million, down 9% from 9M09.



Cost of Good Sold: Ultrapar's cost of goods sold amounted to R\$ 10,106 million in 3Q10, up 13% over 3Q09, as a result of the higher volume of operations in Ipiranga, Ultragas, and Oxiteno. Compared with 2Q10, Ultrapar's cost of goods sold increased by 6%. In 9M10, Ultrapar's cost of goods sold amounted to R\$ 28,918 million, up

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22% over 9M09, mainly as a consequence of the consolidation of Texaco's cost of goods sold from 2Q09 onwards.

Ultragaz: Ultragaz's cost of goods sold amounted to R\$ 809 million in 3Q10, up 3% over 3Q09, as a consequence of a 6% increase in ex-refinery cost of LPG used in the bulk segment from January 2010 onwards and higher sales volume. Compared with 2Q10, the cost of goods sold increased by 5%, in line with the sales volume progression. In 9M10, Ultragaz's cost of goods sold totaled R\$ 2,296 million, up 5% over 9M09.

Ipiranga: Ipiranga's cost of goods sold amounted to R\$ 8,842 million in 3Q10, up 14% over 3Q09, mainly as a result of the 10% growth in sales volume and the increase in ethanol costs. Compared with 2Q10, the cost of goods sold increased by 6%, in line with the sales volume progression. In 9M10, Ipiranga's cost of goods sold totaled R\$ 25,330 million, up 24% over 9M09, mainly due to the consolidation of Texaco's cost of goods sold from 2Q09 onwards.

Oxitenó: Oxitenó's cost of goods sold in 3Q10 amounted to R\$ 420 million, up 7% over 3Q09, as a result of the 3% increase in sales volume and extraordinary costs resulting from the scheduled maintenance stoppage of the Camaçari plant, with the higher unit variable cost in dollar offset by the 6% stronger Real. Compared with 2Q10, the cost of goods sold decreased by 2%, as a consequence of 2% stronger Real. In 9M10, Oxitenó's cost of goods sold totaled R\$ 1,243 million, up 7% over 9M09.

Ultracargo: Ultracargo's cost of services provided amounted to R\$ 28 million in 3Q10, down 44% and 36% from 3Q09 and 2Q10, respectively, mainly due to the effect of the sale of in-house logistics, solid bulk storage and road transportation businesses. In 9M10, Ultracargo's cost of services provided totaled R\$ 112 million, down 25% from 9M09.

Gross profit: Ultrapar's gross profit amounted to R\$ 805 million in 3Q10, up 12% from 3Q09 as a consequence of the growth seen in Ipiranga, Ultragaz and Oxitenó. Compared with 2Q10, Ultrapar's gross profit decreased by 1%. In 9M10, Ultrapar's gross profit totalled R\$ 2,309 million, a 21% increase compared with 9M09.

Sales, General and Administrative Expenses: Sales, general and administrative expenses of Ultrapar reached R\$ 475 million in 3Q10, practically stable over 3Q09 and 2Q10. In 9M10, Ultrapar's sales, general and administrative expenses totaled R\$ 1,406 million, up 10% over 9M09, basically as a consequence of the consolidation of Texaco's sales, general and administrative expenses from 2Q09 onwards.

Ultragaz: Ultragaz's sales, general and administrative expenses amounted to R\$ 96 million in 3Q10, up 15% over 3Q09, as a consequence of (i) an increase in expenses related to promotional and sales campaign, (ii) effects of inflation on expenses, and (iii) higher variable compensation, in line with the earnings progression. Compared with 2Q10, sales, general and administrative expenses grew by 2%, below the seasonal variation of 5% in sales volume, as a consequence of higher expenses in promotional and sales campaign in 2Q10. In 9M10, Ultragaz's sales, general and administrative expenses totaled R\$ 277 million, up 20% over 9M09.

Ipiranga: Ipiranga's sales, general and administrative expenses totaled R\$ 296 million in 3Q10, down 1% from 3Q09, due to the higher level of non-recurring expenses related to the conversion of Texaco service stations into the Ipiranga brand and the integration of acquired operations in 3Q09, which were partially offset by higher sales volume, effects of inflation on expenses, and expenses related to studies and projects. Compared with 2Q10, sales, general and administrative expenses grew by 4%, as a result of the same items above. In 9M10, Ipiranga's sales, general and administrative totaled R\$ 865 million, up 10% over 9M09, mainly due to the consolidation of Texaco's sales, general and administrative expenses from 2Q09 onwards.

Oxitenó: Oxitenó's sales, general and administrative expenses totaled R\$ 66 million in 3Q10, practically stable over 3Q09. Compared with 2Q10, sales, general and administrative expenses decreased by 11%, mainly due to higher

variable compensation in 2Q10. Sales, general and administrative expenses totaled R\$ 204 million in 9M10, up 6% over 9M09.

Ultracargo: Ultracargo's sales, general and administrative expenses totaled R\$ 17 million in 3Q10, down 19% and 25% over 3Q09 and 2Q10, respectively, mainly due to the effect of the sale of in-house logistics, solid bulk

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storage and road transportation businesses and higher indemnification expenses in 2Q10. Sales, general and administrative expenses totaled R\$ 59 million in 9M10, down 10% from 9M09.

**Income from Operations before Financial Items:** Ultrapar's income from operations before financial items amounted to R\$ 343 million in 3Q10, up 35% from 3Q09 as a consequence of the increase in the income from operations before financial items of Ipiranga, Oxiteno and Ultracargo. Compared with 2Q10, Ultrapar's income from operations before financial items was up by 3%. In 9M10, Ultrapar's income from operations before financial items totalled R\$ 924 million, a 42% increase compared with 9M09.

**Financial result:** Ultrapar reported net financial expense of R\$ 61 million in 3Q10, down R\$ 5 million from net financial expense for 3Q09 and 2Q10. The net debt to last 12 months EBITDA ratio decreased from 1.7 times at the end of 3Q09 to 1.4 times at the end of 3Q10. In 9M10, Ultrapar's reported net financial expense totaled R\$ 200 million, down R\$ 15 million from 9M09.

**Depreciation and Amortization:** Total depreciation and amortization costs and expenses in 3Q10 were R\$ 133 million, down R\$ 13 million from 3Q09, mainly as a result of the revision in the economic useful life of assets in accordance with Technical Standard ICPC (Brazilian Accounting Pronouncements Committee) 10, in effect from January 1st, 2010 onwards. Compared with 2Q10, Ultrapar's depreciation and amortization costs and expenses reduced by 2%. In 9M10, Ultrapar's total depreciation and amortization costs and expenses totaled R\$ 397 million, up R\$ 10 million over 9M09.

**Income and Social Contribution / Benefit of Tax Holidays:** Ultrapar reported income tax and social contribution expenses, net of benefit of tax holidays of R\$ 79 million in 3Q10, compared with an expense R\$ 65 million in 3Q09, especially due to the higher pre-tax profit in 3T10. Compared with 2Q10, income tax and social contribution expenses, net of benefit of tax holidays was up 3%. In 9M10, income tax and social contribution expenses, net of benefit of tax holidays amounted to R\$ 206 million, 56% up from 9M09.

**Net Earnings:** Ultrapar's consolidated net earnings in 3Q10 amounted to R\$ 204 million, up 67% over 3Q09, mainly due to the EBITDA growth and lower depreciation and amortization costs and expenses. Compared with 2Q10, net earnings grew by 7%. In 9M10, Ultrapar's reported net earnings of R\$ 518 million, up 70% over 9M09.

**EBITDA:** Ultrapar's EBITDA amounted to R\$ 465 million in 3Q10, up 18% over 3Q09 and stable in relation to 2Q10. In 9M10, Ultrapar's EBITDA totaled R\$ 1,311 million, up 28% over 9M09, as a result of the EBITDA growth in all businesses and the consolidation of Texaco's EBITDA from 2Q09 onwards.

**Ultragaz:** Ultragaz's EBITDA amounted to R\$ 97 million in 3Q10, up 3% over 3Q09, especially due to a recovery in margins, to which the operational efficiency programs implemented contributed, and an improvement in the bulk segment performance, partially offset by an increase in expenses related to promotional and sales campaigns and higher variable compensation. Compared with 2Q10, Ultragaz's EBITDA increased by 16% mainly as a consequence of a seasonally higher volume. In 9M10, Ultragaz's EBITDA totaled R\$ 251 million, up 14% over 9M09.

**Ipiranga:** Ipiranga's EBITDA amounted to R\$ 256 million in 3Q10, up 22% over 3Q09, mainly on the back of higher sales volume and synergy gains from the integration of Texaco, partially offset by strong fluctuations in the availability of ethanol in the market. Compared with 2Q10, Ipiranga's EBITDA decreased by 5%, with the increase of 5% in sales volume offset by higher expenses in the quarter. In 9M10, Ipiranga's EBITDA totaled R\$ 752 million, up 36% over 9M09.

**Oxiteno:** Oxiteno's EBITDA totaled R\$ 78 million in 3Q10, up 57% over 3Q09, despite the 6% stronger Real, as a consequence of the recovery in margins and the 3% increase in sales volume. Compared with 2Q10, Oxiteno's

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EBITDA increased by 11%. Oxiteno's unit EBITDA reached US\$ 257/ton in 3Q10, up 61% and 14% over 3Q09 and 2Q10, respectively. In 9M10, Oxiteno's EBITDA totaled R\$ 187 million, up 41% over 9M09.

Ultracargo: Ultracargo's EBITDA amounted to R\$ 28 million in 3Q10, a 9% decrease from 3Q09, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and

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road transportation businesses. Compared with 2Q10, Ultracargo's EBITDA decreased by 2%, influenced by the above-mentioned factors and by higher administrative expenses in 2Q10. In 9M10, Ultracargo's EBITDA totaled R\$ 87 million, up 5% over 9M09.

## EBITDA

| R\$ million | 3Q10  | 3Q09  | 2Q10  | Change         | Change         | 9M10    | 9M09    | Change         |
|-------------|-------|-------|-------|----------------|----------------|---------|---------|----------------|
|             |       |       |       | 3Q10 X<br>3Q09 | 3Q10 X<br>2Q10 |         |         | 9M10 X<br>9M09 |
| Ultrapar    | 465.3 | 393.0 | 467.0 | 18%            | 0%             | 1,311.4 | 1,022.4 | 28%            |
| Ultragaz    | 96.6  | 93.9  | 83.3  | 3%             | 16%            | 250.8   | 219.9   | 14%            |
| Ipiranga    | 256.0 | 209.8 | 268.3 | 22%            | -5%            | 752.0   | 553.2   | 36%            |
| Oxitenó     | 78.5  | 50.1  | 70.8  | 57%            | 11%            | 187.3   | 133.2   | 41%            |
| Ultracargo  | 27.7  | 30.4  | 28.4  | -9%            | -2%            | 86.5    | 82.4    | 5%             |

The purpose of including EBITDA information is to provide a measure for assessing our ability to generate cash from our operations. The EBITDA presented above was calculated based on the income before financial result, including depreciation and amortization and excluding income on disposal of assets. In managing our business we rely on EBITDA as a means for assessing our operating performance and a portion of our employee profit sharing plan is linked to EBITDA performance. Because EBITDA excludes income on disposal of assets, net financial income (expense), income tax, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of income on disposal of assets, depreciation and amortization. Accordingly, we believe that this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. We also calculate EBITDA in connection with covenants related to some of our financing. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. EBITDA is not a measure of financial performance under Brazilian GAAP. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation or capital expenditures and associated charges.

We hereby inform that, in accordance with the requirements of CVM Resolution 381/03, our independent auditors KPMG Auditores Independentes have not performed during these first nine months of 2010 any service other than the external audit of the financial statements of Ultrapar and affiliated companies and subsidiaries.

Item 6

ULTRAPAR PARTICIPAÇÕES  
S.A.  
Publicly Traded Company  
CNPJ N° 33.256.439/0001-39

MARKET ANNOUNCEMENT

In connection with the process of converging the accounting practices adopted in Brazil to the international financial reporting standards (IFRS), in which several guidelines, interpretations, and orientations were issued during 2009 and 2010 establishing a new accounting standard in Brazil ("New BR GAAP"). Ultrapar Participações S.A. ("Ultrapar") decided to adopt the New BR GAAP in its interim financial statements for the nine-month period ended September 30th, 2010 and information for 2009 contained therein. The interim financial statements for June 30th, 2010 and March 31st, 2010, as well as the information for 2009, were restated and presented in accordance with the New BR GAAP, as described in Note 3 of the interim financial statements for September 30th, 2010, available on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)).

For an understanding of the effects of the adoption of the new legislation, we released financial spreadsheets on CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)) as well as on Ultrapar's website ([www.ultra.com.br](http://www.ultra.com.br)) demonstrating the impacts of the accounting changes introduced by the New BR GAAP on the main line items of the quarterly financial statements for 2009 and 2010, year ended December 31st, 2009, and nine-month period ended September 30th, 2010 in comparison with the amounts that would have been obtained without such changes (Attachment 1). Additional information on the changes resulting from the adoption of the New BR GAAP is available in notes 2 and 3 of the interim financial statements for September 30th, 2010.

André Covre  
Chief Financial and Investor Relations Officer  
Ultrapar Participações S.A.

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Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

3Q10

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxiteno | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 236.1    | 96.7     | 66.9    | 27.7       | 9.7          | 437.2    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 1.9      | -        | -       | -          | -            | 1.9      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | -       | -          | -            | -        |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (0.4 )   | -        | -       | -          | -            | (0.4 )   |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (7.5 )   | -        | 11.5    | -          | (3.3 )       | 0.8      |
| Amortization of intangible assets   | 3.h. / 14           | 27.4     | -        | -       | -          | -            | 27.4     |
| Others effects, net   |                     | (1.5 )   | (0.1 )   | (0.0 )  | (0.0 )     | 0.0          | (1.5 )   |
| Total effects   |                     | 19.9     | (0.1 )   | 11.5    | (0.0 )     | (3.3 )       | 28.1     |
| EBITDA after the implementation of the New BR GAAP  |                     | 256.0    | 96.6     | 78.5    | 27.7       | 6.5          | 465.3    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

3Q10

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 437.2  | (63.7 )              | 211.3           | 12,091.0 | 6,884.4     | 5,183.4                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 1.9    | (0.3 )               | 2.2             | 7.3      | 43.0        | (35.7 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | 0.7                  | 1.4             | (24.3 )  | -           | (24.3 )                 |
| Inflationary adjustment 1996/1997 on property,                | 2.2.b. - b.2)       | -      | -                    | (0.1 )          | 14.0     | -           | 14.0                    |



|   |             |        |         |        |          |         |         |  |
|---|-------------|--------|---------|--------|----------|---------|---------|--|
| plant and equipment   |             |        |         |        |          |         |         |  |
| Write-off of investments in progress  | 2.2.c.      | -      | -       | -      | (21.5 )  | -       | (21.5 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 )  | (0.2 ) | -        | 8.5     | (8.5 )  |  |
| Business combination - Texaco acquisition   | 2.2.e.      | -      | -       | (7.1 ) | 5.2      | 76.3    | (71.1 ) |  |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | (0.4 ) | -       | (0.4 ) | -        | 18.4    | (18.4 ) |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -       | -      | 54.4     | 54.4    | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -       | -      | 66.2     | 66.2    | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | 0.8    | (0.8 )  | -      | -        | -       | -       |  |
| Reclassification of escrow deposits - from provisions reducer to asset  |             | -      | -       | -      | 243.5    | 243.5   | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 27.4   | -       | -      | -        | -       | -       |  |
| Others effects, net <sup>1</sup>  |             | (1.5 ) | 3.6     | 2.2    | 5.6      | (5.6 )  | 34.5    |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -       | (5.2 ) | 39.2     | -       | 39.2    |  |
| Total effects   |             | 28.1   | 3.0     | (7.2 ) | 389.7    | 504.7   | (91.8 ) |  |
| Figures after the implementation of the New BR GAAP   |             | 465.3  | (60.7 ) | 204.1  | 12,480.6 | 7,389.1 | 5,091.6 |  |

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

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Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

2Q10

|   | Explanatory<br>note | Ipiranga | Ultragas | Oxiteno | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 235.6    | 83.4     | 70.6    | 28.4       | 15.4         | 433.4    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 1.7      | -        | -       | -          | -            | 1.7      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.0 )  | -          | -            | (0.0 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | 5.9      | -        | -       | -          | -            | 5.9      |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (0.9 )   | -        | 0.1     | -          | 0.8          | (0.0 )   |
| Amortization of intangible assets   | 3.h. / 14           | 26.4     | -        | -       | -          | -            | 26.4     |
| Others effects, net   |                     | (0.5 )   | (0.1 )   | 0.1     | (0.0 )     | 0.0          | (0.4 )   |
| Total effects   |                     | 32.6     | (0.1 )   | 0.2     | (0.0 )     | 0.8          | 33.6     |
| EBITDA after the implementation of the New BR GAAP  |                     | 268.3    | 83.3     | 70.8    | 28.4       | 16.2         | 467.0    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

2Q10

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 433.4  | (67.8 )              | 196.0           | 11,980.0 | 6,805.1     | 5,153.1                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 1.7    | (0.6 )               | 1.0             | 7.0      | 45.0        | (37.9 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | 0.3                  | 1.0             | (25.7 )  | -           | (25.7 )                 |
|   | 2.2.b. - b.2)       | -      | -                    | (0.3 )          | 14.1     | -           | 14.1                    |

|   |             |        |        |        |         |        |         |  |
|---|-------------|--------|--------|--------|---------|--------|---------|--|
| Inflationary adjustment 1996/1997 on property, plant and equipment  |             |        |        |        |         |        |         |  |
| Write-off of investments in progress  | 2.2.c.      | (0.0 ) | -      | (0.0 ) | (21.5 ) | -      | (21.5 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 ) | (0.2 ) | -       | 8.2    | (8.2 )  |  |
| Business combination - Texaco acquisition   | 2.2.e.      | -      | -      | (7.1 ) | 12.3    | 76.3   | (64.0 ) |  |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | 5.9    | -      | 5.9    | -       | 18.0   | (18.0 ) |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -      | -      | 66.8    | 66.8   | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -      | -      | 43.5    | 43.5   | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | (0.0 ) | 0.0    | -      | -       | -      | -       |  |
| Reclassification of escrow deposits - from provisions reducer to asset  |             | -      | -      | -      | 224.7   | 224.7  | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 26.4   | -      | -      | -       | -      | -       |  |
| Others effects, net <sup>1</sup>  |             | (0.4 ) | 2.5    | 2.1    | 4.7     | (5.8 ) | 32.3    |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -      | (6.8 ) | 44.4    | -      | 44.4    |  |
| Total effects   |             | 33.6   | 2.1    | (4.4 ) | 370.4   | 476.6  | (84.6 ) |  |

|   |       |         |       |          |         |         |
|---|-------|---------|-------|----------|---------|---------|
| Figures after the implementation of the New BR GAAP | 467.0 | (65.8 ) | 191.6 | 12,350.3 | 7,281.8 | 5,068.6 |
|---|-------|---------|-------|----------|---------|---------|

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

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ATTACHMENT (page 3 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

1Q10

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxitenó | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 210.0    | 70.9     | 39.5    | 30.4       | 11.5         | 362.4    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 1.1      | -        | -       | -          | -            | 1.1      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.1 )  | -          | -            | (0.1 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (6.7 )   | -        | -       | -          | -            | (6.7 )   |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (0.1 )   | -        | (1.5 )  | -          | 0.6          | (1.0 )   |
| Amortization of intangible assets   | 3.h. / 14           | 23.7     | -        | -       | -          | -            | 23.7     |
| Others effects, net   |                     | (0.2 )   | (0.1 )   | 0.1     | (0.0 )     | 0.0          | (0.2 )   |
| Total effects   |                     | 17.7     | (0.1 )   | (1.5 )  | (0.0 )     | 0.6          | 16.7     |
| EBITDA after the implementation of the New BR GAAP  |                     | 227.7    | 70.9     | 38.0    | 30.4       | 12.1         | 379.1    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

1Q10

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 362.4  | (75.3 )              | 140.5           | 10,799.0 | 5,819.7     | 4,958.8                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 1.1    | (1.3 )               | (0.9 )          | 6.9      | 45.9        | (38.9 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | 0.1                  | 0.8             | (26.7 )  | -           | (26.7 )                 |
| Inflationary adjustment 1996/1997 on property,                | 2.2.b. - b.2)       | -      | -                    | (0.2 )          | 14.4     | -           | 14.4                    |

|   |             |        |         |         |          |         |         |  |
|---|-------------|--------|---------|---------|----------|---------|---------|--|
| plant and equipment   |             |        |         |         |          |         |         |  |
| Write-off of investments in progress  | 2.2.c.      | (0.1 ) | -       | (0.1 )  | (21.5 )  | -       | (21.5 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 )  | (0.2 )  | -        | 8.1     | (8.1 )  |  |
| Business combination - Texaco acquisition   | 2.2.e.      | -      | -       | (7.1 )  | 19.4     | 76.3    | (56.9 ) |  |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | (6.7 ) | -       | (6.7 )  | -        | 23.9    | (23.9 ) |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -       | -       | 65.4     | 65.4    | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -       | -       | 50.2     | 50.2    | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | (1.0 ) | 1.0     | -       | -        | -       | -       |  |
| Reclassification of escrow deposits - from provisions reducer to asset  |             | -      | -       | -       | 216.9    | 216.9   | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 23.7   | -       | -       | -        | -       | -       |  |
| Others effects, net <sup>1</sup>  |             | (0.2 ) | 2.4     | (2.2 )  | 3.8      | (5.9 )  | 30.2    |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -       | (1.8 )  | 51.2     | -       | 51.2    |  |
| Total effects   |             | 16.7   | 2.0     | (18.5 ) | 380.1    | 480.7   | (80.1 ) |  |
| Figures after the implementation of the New BR GAAP   |             | 379.1  | (73.3 ) | 122.0   | 11,179.1 | 6,300.4 | 4,878.8 |  |

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

ATTACHMENT (page 4 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

4Q09

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxitenó | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 262.9    | 61.3     | 30.5    | 22.1       | 11.8         | 388.6    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 1.2      | -        | -       | -          | -            | 1.2      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.1 )  | -          | -            | (0.1 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (6.4 )   | -        | -       | -          | -            | (6.4 )   |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (1.3 )   | -        | 7.3     | -          | (1.4 )       | 4.6      |
| Amortization of intangible assets   | 3.h. / 14           | 20.3     | -        | -       | -          | -            | 20.3     |
| Others effects, net   |                     | (0.1 )   | (0.0 )   | (0.2 )  | -          | -            | (0.3 )   |
| Total effects   |                     | 13.9     | (0.0 )   | 6.9     | -          | (1.4 )       | 19.4     |
| EBITDA after the implementation of the New BR GAAP  |                     | 276.7    | 61.3     | 37.5    | 22.1       | 10.4         | 408.0    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

4Q09

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 388.6  | (72.6 )              | 148.8           | 11,090.3 | 6,226.0     | 4,829.3                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 1.2    | (0.7 )               | (0.4 )          | 6.6      | 44.6        | (38.0 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | (0.2 )               | 0.4             | (27.4 )  | -           | (27.4 )                 |
| Inflationary adjustment 1996/1997 on property,                | 2.2.b. - b.2)       | -      | -                    | (0.9 )          | 14.6     | -           | 14.6                    |

|   |             |        |         |         |          |         |         |  |
|---|-------------|--------|---------|---------|----------|---------|---------|--|
| plant and equipment   |             |        |         |         |          |         |         |  |
| Write-off of investments in progress  | 2.2.c.      | (0.1 ) | -       | (0.1 )  | (21.4 )  | -       | (21.4 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 )  | (0.2 )  | -        | 7.9     | (7.9 )  |  |
| Business combination - Texaco acquisition   | 2.2.e.      | -      | -       | (7.1 )  | 26.5     | 76.3    | (49.8 ) |  |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | (6.4 ) | -       | (6.4 )  | -        | 17.1    | (17.1 ) |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -       | -       | 72.1     | 72.1    | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -       | -       | 51.8     | 51.8    | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | 4.6    | (4.6 )  | -       | -        | -       | -       |  |
| Reclassification of escrow deposits - from provisions reducer to asset  |             | -      | -       | -       | 204.3    | 204.3   | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 20.3   | -       | -       | -        | -       | -       |  |
| Others effects, net <sup>1</sup>  |             | (0.3 ) | 1.3     | (0.1 )  | 2.8      | (62.7 ) | 100.6   |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -       | (1.4 )  | 53.1     | -       | 53.1    |  |
| Total effects   |             | 19.4   | (4.4 )  | (16.2 ) | 382.9    | 411.4   | 6.6     |  |
| Figures after the implementation of the New BR GAAP   |             | 408.0  | (77.0 ) | 132.6   | 11,473.2 | 6,637.4 | 4,835.8 |  |

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.



ATTACHMENT (page 5 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

3Q09

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxiteno | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 198.7    | 94.0     | 38.9    | 30.5       | 8.9          | 371.1    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 0.6      | -        | -       | -          | -            | 0.6      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.1 )  | -          | -            | (0.1 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (5.2 )   | -        | -       | -          | -            | (5.2 )   |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (0.2 )   | -        | 12.1    | -          | (0.3 )       | 11.6     |
| Amortization of intangible assets   | 3.h. / 14           | 18.8     | -        | -       | -          | -            | 18.8     |
| Others effects, net   |                     | (2.9 )   | (0.1 )   | (0.9 )  | (0.1 )     | -            | (3.9 )   |
| Total effects   |                     | 11.1     | (0.1 )   | 11.2    | (0.1 )     | (0.3 )       | 21.9     |
| EBITDA after the implementation of the New BR GAAP  |                     | 209.8    | 93.9     | 50.1    | 30.4       | 8.6          | 393.0    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

3Q09

|  | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|--|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices             |                     | 371.1  | (59.7 )              | 133.4           | 10,480.3 | 5,604.5     | 4,836.3                 |
| Recognition of provision for removal of Ipiranga's fuel tanks      | 2.2.a.              | 0.6    | (0.4 )               | (0.2 )          | 6.6      | 44.2        | (37.6 )                 |
| Capitalization of borrowing costs                                  | 2.2.b. - b.1)       | -      | (0.2 )               | 0.4             | (27.8 )  | -           | (27.8 )                 |
| Inflationary adjustment 1996/1997 on property, plant and equipment | 2.2.b. - b.2)       | -      | -                    | (0.6 )          | 15.5     | -           | 15.5                    |

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|   |             |        |         |         |          |         |         |
|---|-------------|--------|---------|---------|----------|---------|---------|
| Write-off of investments in progress  | 2.2.c.      | (0.1 ) | -       | (0.1 )  | (21.3 )  | -       | (21.3 ) |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 )  | (0.2 )  | -        | 7.7     | (7.7 )  |
| Business combination - Texaco acquisition   | 2.2.e.      | -      | -       | (7.1 )  | 27.1     | 76.3    | (49.2 ) |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | (5.2 ) | -       | (5.2 )  | -        | 10.8    | (10.8 ) |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -       | -       | 75.9     | 75.9    | -       |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -       | -       | 55.4     | 55.4    | -       |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | 11.6   | (11.6 ) | -       | -        | -       | -       |
| Reclassification of escrow deposits - from provisions reducer to asset  |             | -      | -       | -       | 196.3    | 196.3   | -       |
| Amortization of intangible assets   | 3.h. / 14   | 18.8   | -       | -       | -        | -       | -       |
| Others effects, net <sup>1</sup>  |             | (3.9 ) | 6.1     | 2.2     | 8.3      | (0.4 )  | 48.2    |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -       | (0.3 )  | 60.8     | -       | 60.8    |
| Total effects   |             | 21.9   | (6.3 )  | (11.0 ) | 396.9    | 466.3   | (29.9 ) |
| Figures after the implementation of the New BR GAAP   |             | 393.0  | (66.0 ) | 122.4   | 10,877.2 | 6,070.8 | 4,806.4 |

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

ATTACHMENT (page 6 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

2Q09

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxitenó | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 172.4    | 73.6     | 29.2    | 28.2       | 17.2         | 320.6    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 0.7      | -        | -       | -          | -            | 0.7      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.1 )  | -          | -            | (0.1 )   |
| Business combination - Texaco acquisition   | 2.2.e.              | (2.6 )   | -        | -       | -          | -            | (2.6 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | 0.3      | -        | -       | -          | -            | 0.3      |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (2.3 )   | -        | 8.9     | -          | -            | 6.6      |
| Amortization of intangible assets   | 3.h. / 14           | 20.9     | -        | -       | -          | -            | 20.9     |
| Others effects, net   |                     | (0.0 )   | 0.1      | (1.8 )  | (0.1 )     | -            | (1.9 )   |
| Total effects   |                     | 16.9     | 0.1      | 7.0     | (0.1 )     | -            | 23.9     |
| EBITDA after the implementation of the New BR GAAP  |                     | 189.3    | 73.8     | 36.2    | 28.0       | 17.2         | 344.4    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

2Q09

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 320.6  | (86.9 )              | 93.3            | 10,200.4 | 5,332.5     | 4,829.8                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 0.7    | (0.8 )               | (0.3 )          | 6.9      | 44.4        | (37.4 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | -                    | 0.7             | (28.2 )  | -           | (28.2 )                 |

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|   |               |        |         |         |          |         |         |
|---|---------------|--------|---------|---------|----------|---------|---------|
| Inflationary adjustment 1996/1997 on property, plant and equipment  | 2.2.b. - b.2) | -      | -       | (0.7 )  | 16.1     | -       | 16.1    |
| Write-off of investments in progress  | 2.2.c.        | (0.1 ) | -       | (0.1 )  | (21.2 )  | -       | (21.2 ) |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.        | -      | (0.2 )  | (0.2 )  | -        | 7.5     | (7.5 )  |
| Business combination - Texaco acquisition   | 2.2.e.        | (2.6 ) | (0.3 )  | (10.1 ) | 35.2     | 76.3    | (41.1 ) |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18   | 0.3    | -       | 0.3     | -        | 5.6     | (5.6 )  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16            | -      | -       | -       | 61.0     | 61.0    | -       |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16            | -      | -       | -       | 47.4     | 47.4    | -       |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23            | 6.6    | (6.6 )  | -       | -        | -       | -       |
| Reclassification of escrow deposits - from provisions reducer to asset  |               | -      | -       | -       | 186.8    | 186.8   | -       |
| Amortization of intangible assets   | 3.h. / 14     | 20.9   | -       | -       | -        | -       | -       |
| Others effects, net <sup>1</sup>  |               | (1.9 ) | 4.1     | 2.6     | 7.2      | (0.3 )  | 45.6    |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.        | -      | -       | 3.1     | 60.6     | -       | 60.6    |
| Total effects   |               | 23.9   | (3.8 )  | (4.6 )  | 371.8    | 428.7   | (18.8 ) |
| Figures after the implementation of the New BR GAAP   |               | 344.4  | (90.7 ) | 88.7    | 10,572.2 | 5,761.2 | 4,811.0 |

<sup>1</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

ATTACHMENT (page 7 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

1Q09

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxiteno | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 143.6    | 52.4     | 46.2    | 24.0       | 7.9          | 274.1    |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a./17           | 0.7      | -        | -       | -          | -            | 0.7      |
| Write-off of investments in progress  | 2.2.c.              | (0.3 )   | -        | (0.1 )  | -          | -            | (0.4 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f./18           | 0.3      | -        | -       | -          | -            | 0.3      |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (0.2 )   | -        | 2.1     | -          | -            | 1.9      |
| Amortization of intangible assets   | 3.h./14             | 10.0     | -        | -       | -          | -            | 10.0     |
| Others effects, net   |                     | (0.0 )   | (0.2 )   | (1.3 )  | (0.1 )     | -            | (1.7 )   |
| Total effects   |                     | 10.5     | (0.2 )   | 0.8     | (0.1 )     | -            | 10.9     |
| EBITDA after the implementation of the New BR GAAP  |                     | 154.0    | 52.2     | 46.9    | 23.9       | 7.9          | 285.0    |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

1Q09

|   | Explanatory<br>note | EBITDA | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|--------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 274.1  | (59.0 )              | 91.2            | 10,080.5 | 5,299.7     | 4,741.5                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 0.7    | (0.5 )               | (0.4 )          | 4.9      | 42.1        | (37.2 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -      | -                    | 1.1             | (29.0 )  | -           | (29.0 )                 |
| Inflationary adjustment 1996/1997 on property,                | 2.2.b. - b.2)       | -      | -                    | (0.6 )          | 16.8     | -           | 16.8                    |

|   |             |        |         |        |          |         |         |  |
|---|-------------|--------|---------|--------|----------|---------|---------|--|
| plant and equipment   |             |        |         |        |          |         |         |  |
| Write-off of investments in progress  | 2.2.c.      | (0.4 ) | -       | (0.4 ) | (21.4 )  | -       | (21.4 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -      | (0.2 )  | (0.2 ) | -        | 7.4     | (7.4 )  |  |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | 0.3    | -       | 0.3    | -        | 5.9     | (5.9 )  |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -      | -       | -      | 56.6     | 56.6    | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -      | -       | -      | 10.3     | 10.3    | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | 1.9    | (1.9 )  | -      | -        | -       | -       |  |
| Reclassification of escrow deposits - from provision reducer to asset   |             | -      | -       | -      | 156.7    | 156.7   | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 10.0   | -       | -      | -        | -       | -       |  |
| Others effects, net <sup>1</sup>  |             | (1.7 ) | 3.8     | 2.6    | 8.6      | 2.4     | 45.5    |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -      | -       | (0.3 ) | 26.4     | -       | 26.4    |  |
| Total effects   |             | 10.9   | 1.2     | 2.0    | 230.0    | 281.2   | (12.0 ) |  |
| Figures after the implementation of the New BR GAAP   |             | 285.0  | (57.8 ) | 93.2   | 10,310.5 | 5,580.9 | 4,729.6 |  |

1. Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.

ATTACHMENT (page 8 of 9)

Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

9M10

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxiteno | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 681.8    | 251.0    | 177.0   | 86.5       | 36.6         | 1,233.0  |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 4.7      | -        | -       | -          | -            | 4.7      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.1 )  | -          | -            | (0.1 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (1.3 )   | -        | -       | -          | -            | (1.3 )   |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (8.6 )   | -        | 10.2    | -          | (1.9 )       | (0.3 )   |
| Amortization of intangible assets   | 3.h. / 14           | 77.6     | -        | -       | -          | -            | 77.6     |
| Others effects, net   |                     | (2.1 )   | (0.2 )   | 0.2     | (0.0 )     | -            | (2.1 )   |
| Total effects   |                     | 70.2     | (0.2 )   | 10.3    | (0.0 )     | (1.9 )       | 78.4     |
| EBITDA after the implementation of the New BR GAAP  |                     | 752.0    | 250.8    | 187.3   | 86.5       | 34.8         | 1,311.4  |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

9M10

|   | Explanatory<br>note | EBITDA  | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|---------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 1,233.0 | (206.8 )             | 547.9           | 12,091.0 | 6,884.4     | 5,183.4                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 4.7     | (2.3 )               | 2.3             | 7.3      | 43.0        | (35.7 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -       | 1.2                  | 3.1             | (24.3 )  | -           | (24.3 )                 |
|   | 2.2.b. - b.2)       | -       | -                    | (0.6 )          | 14.0     | -           | 14.0                    |

|   |             |         |          |         |          |         |         |  |
|---|-------------|---------|----------|---------|----------|---------|---------|--|
| Inflationary adjustment 1996/1997 on property, plant and equipment  |             |         |          |         |          |         |         |  |
| Write-off of investments in progress  | 2.2.c.      | (0.1 )  | -        | (0.1 )  | (21.5 )  | -       | (21.5 ) |  |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.      | -       | (0.6 )   | (0.6 )  | -        | 8.5     | (8.5 )  |  |
| Business combination – Texaco acquisition   | 2.2.e.      | -       | -        | (21.3 ) | 5.2      | 76.3    | (71.1 ) |  |
| Ipiranga’s deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18 | (1.3 )  | -        | (1.3 )  | -        | 18.4    | (18.4 ) |  |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16          | -       | -        | -       | 54.4     | 54.4    | -       |  |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16          | -       | -        | -       | 66.2     | 66.2    | -       |  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23          | (0.3 )  | 0.3      | -       | -        | -       | -       |  |
| Reclassification of escrow deposits - from provision reducer to asset   |             | -       | -        | -       | 243.5    | 243.5   | -       |  |
| Amortization of intangible assets   | 3.h. / 14   | 77.6    | -        | -       | -        | -       | -       |  |
| Others effects, net <sup>1</sup>  |             | (2.1 )  | 8.5      | 2.2     | 5.6      | (5.6 )  | 34.5    |  |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.      | -       | -        | (13.8 ) | 39.2     | -       | 39.2    |  |
| Total effects   |             | 78.4    | 7.1      | (30.1 ) | 389.7    | 504.7   | (91.8 ) |  |
| Figures after the implementation of the New BR GAAP   |             | 1,311.4 | (199.7 ) | 517.8   | 12,480.6 | 7,389.1 | 5,091.6 |  |

1. Includes non-controlling interest in net earnings and shareholders’ equity, for further information see note 2.2.



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Effects from the implementation of the New BR GAAP on the business units' EBITDA  
(R\$ million)

12M09

|   | Explanatory<br>note | Ipiranga | Ultragaz | Oxitenó | Ultracargo | Others/Elim. | Ultrapar |
|---|---------------------|----------|----------|---------|------------|--------------|----------|
| EBITDA according to the previous accounting practices   |                     | 777.5    | 281.4    | 144.8   | 104.8      | 45.8         | 1,354.4  |
| Recognition of provision for removal of Ipiranga's fuel tanks   | 2.2.a. / 17         | 3.3      | -        | -       | -          | -            | 3.3      |
| Write-off of investments in progress  | 2.2.c.              | -        | -        | (0.4 )  | -          | -            | (0.4 )   |
| Business combination - Texaco acquisition <sup>1</sup>  | 2.2.e.              | (2.9 )   | -        | -       | -          | -            | (2.9 )   |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18         | (11.0 )  | -        | -       | -          | -            | (11.0 )  |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23                  | (4.0 )   | -        | 30.5    | -          | (1.7 )       | 24.8     |
| Amortization of intangible assets   | 3.h. / 14           | 70.0     | -        | -       | -          | -            | 70.0     |
| Others effects, net   |                     | (3.0 )   | (0.2 )   | (4.2 )  | (0.3 )     | -            | (7.8 )   |
| Total effects   |                     | 52.4     | (0.2 )   | 25.9    | (0.3 )     | (1.7 )       | 76.0     |
| EBITDA after the implementation of the New BR GAAP  |                     | 829.9    | 281.2    | 170.7   | 104.5      | 44.1         | 1,430.4  |

Main effects from the implementation of the New BR GAAP on the consolidated financial statements  
(R\$ million)

12M09

|   | Explanatory<br>note | EBITDA  | Financial<br>results | Net<br>earnings | Asset    | Liabilities | Shareholder's<br>equity |
|---|---------------------|---------|----------------------|-----------------|----------|-------------|-------------------------|
| Figures according to the previous accounting practices        |                     | 1,354.4 | (278.2 )             | 466.7           | 11,090.3 | 6,226.0     | 4,829.3                 |
| Recognition of provision for removal of Ipiranga's fuel tanks | 2.2.a.              | 3.3     | (2.4 )               | (1.2 )          | 6.6      | 44.6        | (38.0 )                 |
| Capitalization of borrowing costs                             | 2.2.b. - b.1)       | -       | (0.4 )               | 2.7             | (27.4 )  | -           | (27.4 )                 |

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|   |               |         |          |         |          |         |         |
|---|---------------|---------|----------|---------|----------|---------|---------|
| Inflationary adjustment 1996/1997 on property, plant and equipment  | 2.2.b. - b.2) | -       | -        | (2.9 )  | 14.6     | -       | 14.6    |
| Write-off of investments in progress  | 2.2.c.        | (0.4 )  | -        | (0.4 )  | (21.4 )  | -       | (21.4 ) |
| Provision for contingencies with over 50% probability that an obligation exists                                   | 2.2.d.        | -       | (0.7 )   | (0.7 )  | -        | 7.9     | (7.9 )  |
| Business combination - Texaco acquisition <sup>1</sup>  | 2.2.e.        | (2.9 )  | (0.3 )   | (24.5 ) | 26.5     | 76.3    | (49.8 ) |
| Ipiranga's deferred revenues - franchise fees, loyalty program, etc.  | 2.2.f. / 18   | (11.0 ) | -        | (11.0 ) | -        | 17.1    | (17.1 ) |
| Reclassification of ACE - from accounts receivables reducer to loans and financing                                | 16            | -       | -        | -       | 72.1     | 72.1    | -       |
| Reclassification of negative hedging result - from a financial assets reducer to loans and financing              | 16            | -       | -        | -       | 51.8     | 51.8    | -       |
| Reclassification of the result of raw materials hedging - from financial income or expenses to cost of goods sold | 23            | 24.8    | (24.8 )  | -       | -        | -       | -       |
| Reclassification of escrow deposits - from provisions reducer to asset  |               | -       | -        | -       | 204.3    | 204.3   | -       |
| Amortization of intangible assets   | 3.h. / 14     | 70.0    | -        | -       | -        | -       | -       |
| Others effects, net <sup>2</sup>  |               | (7.8 )  | 15.4     | 7.2     | 2.8      | (62.7 ) | 100.6   |
| Effect of the adoption of the New BR GAAP in deferred income tax and social contribution                          | 2.2.h.        | -       | -        | 1.0     | 53.1     | -       | 53.1    |
| Total effects   |               | 76.0    | (13.3 )  | (29.8 ) | 382.9    | 411.4   | 6.6     |
| Figures after the implementation of the New BR GAAP   |               | 1,430.4 | (291.5 ) | 436.9   | 11,473.2 | 6,637.4 | 4,835.8 |

<sup>1</sup> Considers R\$ (0.3) MM related to expenditures on the acquisition of Texaco, included in write-off of investments in progress in 1Q09

<sup>2</sup> Includes non-controlling interest in net earnings and shareholders' equity, for further information see note 2.2.



SIGNATURES

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

Date: November 12, 2010

ULTRAPAR HOLDINGS INC.

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

(Interim financial information - March 31st, 2010, Interim financial information - June 30th, 2010, Earnings release, Minutes of the meeting of the Board held on November 10th, 2010, Interim financial information - September 30th, 2010, Market announcement dated November 10, 2010)

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