

ULTRAPAR HOLDINGS INC
Form 6-K
March 17, 2014

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 January, 2014

Commission File Number: 001-14950

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

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

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

Form X	Form
20-F	40-F

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

Yes	No	X
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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
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ULTRAPAR HOLDINGS INC.

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Manual for Shareholders' Participation

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Manual for Shareholders

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are pleased to invite you to attend the Annual General Shareholders' Meeting (the "Meeting") of Ultrapar Participações S.A. ("Ultrapar" or the "Company"), to be held on April 16, 2014, at 2:00 p.m., in the Company's headquarters, located at Av. Brigadeiro Luís Antônio, nr 1,343, 9th floor, in the City and State of São Paulo, Brazil, in accordance with the Call Notice to be published in the newspapers Valor Econômico on March 17, 18 and 19, 2014 and Diário Oficial do Estado de São Paulo on March 15, 18 and 19, 2014, also available at the Company's website (www.ultra.com.br).

PAULO G. A. CUNHA
Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

The preparation of this Manual for Shareholders' Participation (the "Manual") is aligned with the Company's philosophy towards the continuous improvement of its corporate governance practices, including the quality and convenience of the information provided to our shareholders.

The purpose of this document is to present the management proposals and to provide you with clarification and guidance regarding the matters to be discussed and procedures required for your attendance and power of attorney to participate in the Meeting of April 16, 2014 of Ultrapar, consolidating in a single file all documents published by Ultrapar in connection with the Meeting.

I would also like to inform that, in addition to the information disclosed, the Investor Relations department of Ultrapar will be available for additional clarification by e-mail invest@ultra.com.br or telephone +55 11 3177-7014.

THILO MANNHARDT
Chief Executive Officer

INVITATION

DATE

April 16, 2014

TIME

2:00 p.m.

LOCATION

Company's headquarters

Av. Brigadeiro Luís Antônio, nr 1,343

Bela Vista – 01317-910

São Paulo – SP

MAP

CALL NOTICE

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ANNUAL GENERAL SHAREHOLDERS' MEETING

The shareholders are hereby invited to attend the Annual General Shareholders' Meeting of Ultrapar Participações S.A. ("Ultrapar" or the "Company"), to be held on April 16th, 2014, at 2:00 p.m., in the Company's headquarters, located at Av. Brigadeiro Luís Antônio, nr 1343, 9th floor, in the City and State of São Paulo (the "Meeting"), in order to vote on the following matters:

1. Analysis and approval of the Management's report, Management's accounts and financial statements referring to the fiscal year ended on December 31st, 2013, together with the report from the Independent Auditors and the opinion from the Fiscal Council;
2. Allocation of net earnings for the fiscal year ended on December 31st, 2013;
3. Setting of the Management's compensation; and
4. Based on the request for installation of the Fiscal Council made by shareholders representing more than 2% (two percent) of the voting shares issued by the Company, election of the members of the Fiscal Council and setting of their compensation.

Attendance at the Meeting

The shareholders (including holders of American Depositary Receipts (“ADRs”)) of the Company attending the Meeting in person or represented by proxies, must comply with the requirements for attendance provided for in article 12 of the Company’s Bylaws, presenting the documents listed under items Individual Shareholder, Corporate Shareholder and Investment Funds below. The quality of shareholder will be evidenced by submitting a statement issued by the bookkeeping institution or by the custodian institution, indicating the number of shares held by them up to three days prior to the Meeting.

Shareholders holding ADRs will be represented at the Meeting by the custodian of the shares underlying the ADRs pursuant to the terms of the deposit agreement, dated December 16, 1999, as amended (“Deposit Agreement”). The procedures for exercising voting rights in connection with the ADRs will be specified in a communication to be delivered to ADR holders by the depositary bank, pursuant to the terms of the Deposit Agreement. Shareholders may be represented by proxies that have been granted within one year, representatives who may be shareholders, members of the Company’s management, lawyers, financial institutions, or investment fund managers representing the investors.

Individual Shareholder

- Original or certified copy of a photo identification (ID, Alien Resident Card, driver’s license, officially recognized work card, or passport, in case of non-Brazilians); and
- Original or certified copy of the power-of-attorney, if applicable, and a photo identification of the proxy.

Corporate Shareholder

- Certified copy of the most recent consolidated bylaws or articles of incorporation and of the corporate action granting powers of

attorney (minutes of the meeting of election of the board members and/or power of attorney);

- Original or certified copy of photo identification of the proxy or proxies; and;
- Original or certified copy of the power of attorney, if applicable, and photo identification of the proxy.

Investment Funds

- Evidence of the capacity of fund manager conferred upon the individual or legal entity representing the shareholder at the Shareholders' Meeting, or the proxy granting such powers;
- The corporate action of the manager, in case it is a legal entity, granting powers to the representative attending the Shareholders' Meeting or to whom the power of attorney has been granted; and
- In the event the representative or proxy is a legal entity, the same documents referred to in "Corporate Shareholder" must be presented to the Company.

The documents listed above must be sent to the Investor Relations Department until 2:00 p.m. of April 14th, 2014.

Availability of Documents and Information

In accordance with Ultrapar's bylaws and with article 6 of CVM Instruction nr 481, of December 17th, 2009, the documents and information regarding the matters to be approved, as well as other relevant information and documents to the exercise of voting rights in the Meeting, were filed with the CVM by the IPE system and are available in CVM website (www.cvm.gov.br), in the Company's headquarters, in the BM&FBOVESPA website (www.bmfbovespa.com.br) and in the Company's website (www.ultra.com.br), where the Manual of the Annual Shareholders' Meeting is also available.

São Paulo, March 14th, 2014.

PAULO GUILHERME AGUIAR CUNHA

Chairman of the Board of Directors

PROCEDURES AND DEADLINES

The documents necessary for participation in the Meeting are specified in the Call Notice.

We clarify that in the case of non-Brazilian investment funds and shareholders, a sworn translation of the documents shall not be required if the documents are originally in English or Spanish.

Ultrapar, aiming to facilitate the representation of its shareholders at the Meeting (excluding holders of common shares in the form of ADRs), provides in the end of this Manual a power-of-attorney model, through which shareholders may appoint the lawyers thereby indicated to represent them at the Meeting, at no cost and strictly in accordance with the powers granted. To the extent shareholders (excluding holders of common shares in the form of ADRs) opt to be represented at the Meeting using the model provided by the Company, the power of attorney must include all the representatives listed in the power-of-attorney model.

The documents listed above must be sent to the Investor Relations Department, at Avenida Brigadeiro Luís Antônio, 1,343, 8th floor, CEP 01317-910, in the City and State of São Paulo, up to 2:00 p.m. of April 14, 2014.

VOTING RIGHTS IN THE MEETING

All shareholders of Ultrapar (including holders of common shares in the form of ADRs) may vote in all matters included in the agenda. Each common share entitles its holder to one vote in the Meeting's resolutions.

MANAGEMENT PROPOSAL FOR MATTERS TO BE DISCUSSED IN THE ANNUAL GENERAL
SHAREHOLDERS' MEETING

Dear Shareholders,

The Management of Ultrapar Participações S.A. ("Ultrapar" or "Company") hereby presents to the Company's shareholders the following Management Proposal, regarding the matters to be deliberated upon at the Company's Annual General Shareholders' Meeting ("Meeting"), to be held on April 16th, 2014, at 2:00 p.m.:

1) Analysis and approval of the Management's Report, Management's accounts and financial statements referring to the fiscal year ended on December 31st, 2013, together with the report from the Independent Auditors and the opinion from the Fiscal Council.

The Management's Report and financial statements referring to the fiscal year ended on December 31st, 2013 were filed with CVM on February 19th, 2014, and published in wide-circulation newspapers on February 21st, 2014. The documents above (i) were approved by the Board of Directors at a meeting held on February 19th, 2014 and (ii) obtained a favorable opinion from the Company's Fiscal Council. The financial statements were audited and received a report with unqualified opinion from the Company's independent auditors, Deloitte Touche Tohmatsu. Such documents are available in Annex I of the current proposal. The Management discussion and analysis on the financial conditions of the Company, under the terms of item 10 of the Reference Form, are available in Annex II of the current proposal. We propose the approval of the documents mentioned above by the Company's shareholders.

2) Destination of net earnings for the fiscal year ended on December 31st, 2013

Pursuant to item II of § 1 of art. 9 of CVM Instruction 481, and in the format of annex 9-1-II of the same instruction, we have made available information regarding the destination of net earnings from the fiscal year ended on December 31st, 2013 in Annex III of the current proposal. We propose the approval of the destination of net earnings according to Annex III and the financial statements of the Company.

3) Setting of the Management's compensation

We propose the approval of the Company's Management compensation proposal according to the terms presented in Annex IV of the current proposal. In order to provide the comprehension of the rationale of the presented proposal, we disclose additional information regarding the Management's compensation policies and practices in Annex V of the current proposal, according to item 13 of the Reference Form.

4) Based on the request for installation of the Fiscal Council made by shareholders representing more than 2% (two percent) of the voting shares issued by the

Company, election of the members of the Fiscal Council and setting of their compensation

Considering that the Fiscal Council will be established by request of a shareholder representing more than 2% (two percent) of shares with voting rights issued by the Company, pursuant to article 161 of Law 6.404/76, § 2, we propose the election of the following candidates as members of the Company's Fiscal Council, as well as their alternates.

As effective members of the Fiscal Council:

- Flavio Cesar Maia Luz
- Mario Probst
- José Reinaldo Magalhães

As alternate members of the Fiscal Council:

- Márcio Augustus Ribeiro
- Pedro Ozires Predeus
- Paulo Cesar Pascotini

Information regarding the professional experience of the candidates is available in Annex VI of the current proposal, according to items 12.6 to 12.10 of the Reference Form.

Additionally, we propose the approval of the compensation of the members of the Fiscal Council for their term of office according to the terms presented in Annex IV of the current proposal.

São Paulo, March 14th, 2014.

PAULO GUILHERME AGUIAR CUNHA
Chairman of the Board of Directors

ANNEX I – FINANCIAL STATEMENTS

Note: This Annex was previously filed on Ultrapar's Form 6-K dated February 20th, 2014.

ANNEX II – ITEM 10 OF THE REFERENCE FORM (MD&A)

ANNEX II - ITEM 10 OF THE REFERENCE FORM (MD&A)

10. Management discussion

10.1 Management discussion & analysis:

Introduction

You should read this discussion together with our consolidated financial statements, filed with the CVM on February 19th, 2014, including the Notes thereto, and other financial information included elsewhere in this document.

From 2013 onwards, the adoption of IFRS 11 and IAS (International Accounting Standard) 19 Revised (“IAS 19 Revised”), changing the financial information previously reported by the Company for 2012 and 2011. All financial information hereby included is presented in accordance with IFRS, and reflects the changes resulting from the adoption of IFRS 11 and IAS 19 Revised. Therefore, figures in this document may differ from those previously reported. For further information, see “Item 10.4.a. Significant changes in accounting practices” and see Note 2.w.

a. General financial and equity conditions

Company overview

Ultrapar is a multi-business company with more than 75 years of history, with distinguished position in the markets in which it operates. Our five principal segments are:

- the LPG distribution business, conducted by Ultragaz;
- the fuels distribution business, conducted by Ipiranga;
- the chemical and petrochemical business, conducted by Oxiteno;
- storage for liquid bulk, conducted by Ultracargo; and
- retail pharmacy, conducted by Extrafarma (since February 2014).

Ultragaz distributes LPG to residential, commercial and industrial market segments. Ipiranga distributes gasoline, ethanol, diesel, NGV (natural gas for vehicles), fuel oil, kerosene and lubricants through a network of 6.7 thousand service stations and directly to large customers. Oxiteno produces ethylene oxide and its principal derivatives, and is also a major producer of specialty chemicals, particularly surfactants. It manufactures approximately 1,500 products used in various industrial sectors such as cosmetics, detergents, agrochemicals, packaging, textiles, paints and varnishes. Ultracargo is the largest provider of storage for liquid bulk in Brazil. Extrafarma operates in distribution and retail pharmacy sector, with 195 drugstores at the end of 2013, and is one of the leaders in its region.

The transaction with Extrafarma was closed on January 31st, 2014 with the approval of the association by the Extraordinary General Meetings of Ultrapar and Extrafarma. Extrafarma’s results did not affect Ultrapar’s 2013 results, and will be consolidated in Ultrapar's financial statements as from February 1st, 2014 onwards.

2013

The year of 2013 was marked by the continuity of a more challenging macroeconomic environment, with highlight to the maintenance of high inflation rates. In order to curb the rising inflation rates, the Brazilian government raised the economy's base interest rate, from 7.25% at the end 2012 to 10.0% at the end of 2013. Despite that, GDP growth during 2013 was 2.3%, which, although modest, was above the growth recorded in 2012. Credit availability in the economy continued to grow, reaching a record level of 57% of the GDP in the fourth quarter of the year. The macroeconomic environment contributed for a strong appreciation of the dollar against the Real in 2013, with an average exchange rate of R\$ 2.16/US\$ in 2013, 10% higher than the exchange rate of R\$ 1.95/US\$ verified in 2012. Ultrapar achieved once more record levels of results in 2013, mainly due to the larger scale of operations, derived from investments and acquisitions made in previous years, associated to a sound financial position and result- and value creation-oriented culture. In 2013, Ultrapar's net sales and services amounted to R\$ 60.9 billion, EBITDA amounted to R\$ 2,918.0 million and net earnings amounted to R\$ 1,228.7 million. Net debt to EBITDA ratio in the end of 2013 was 1.2 – lower than the 1.3 ratio of the end of 2012 – reflecting the strong cash generation in the year. Ultrapar ended 2013 with total assets of R\$ 16.4 billion and shareholders' equity of R\$ 6.5 billion.

2012

In 2012, the Brazilian economy presented a modest growth level. In order to foster the economic activity, the Brazilian government adopted counter-cyclical measures during the year, with an emphasis on the lowering of the base interest rate, which was reduced from 11.0% at the end of 2011 to 7.25% at the end of 2012, and on the reduction of federal taxes on the automotive sector. Despite the government measures, GDP growth during 2012 was 0.9%, below the 2.7% growth recorded in 2011. Even facing a more challenging macroeconomic environment, Ultrapar achieved record levels of results as of 2012, mainly due to the larger scale of operations, derived from investments and acquisitions made in the previous years, associated to a sound financial position and result- and value creation-oriented culture. In 2012, Ultrapar's net sales and services amounted to R\$ 53.9 billion, EBITDA amounted to R\$ 2,411.4 million and net earnings amounted to R\$ 1,026.8 million. Net debt to EBITDA ratio in the end of 2012 was 1.3 – lower than the 1.4 ratio of the end of 2011 – reflecting the strong cash generation in the year. Ultrapar ended 2012 with total assets of R\$ 15.2 billion and shareholders' equity of R\$ 6.0 billion.

2011

In 2011, the Brazilian economy continued to grow, with highlights to historically low unemployment rates, good performance of retail sector and higher credit availability, which reached 49% of the GDP in the fourth quarter of the year. Nevertheless, the economy grew at decreasing rates throughout the year. The GDP grew by 2.7% in 2011, as compared with 7.5% in the same period of 2010, reflecting the international economic instability, particularly in Europe. Despite the unstable economic environment seen particularly in the second half of 2011, and a more moderate performance of the Brazilian economy, Ultrapar achieved record levels of results as of 2011, mainly due to the larger scale of operations, derived from investments made in the previous years, associated to a sound financial position and result- and value creation-oriented culture. In the year, Ultrapar's net sales and services amounted to R\$ 48.6 billion, EBITDA amounted to R\$ 2,047.5 million and net earnings amounted to R\$ 860.3 million. Net debt to EBITDA ratio in the end of 2012 was 1.4. Ultrapar ended 2011 with total assets of R\$ 13.7 billion and shareholders' equity of R\$ 5.6 billion.

See “Item 10.2.c. Effect of inflation, changes in prices of main feedstocks and products, foreign exchange and interest rates on operating and financial results” for trend information.

b. Capital structure and possibility of redemption of shares

Capital structure

Ultrapar's capital as of December 31st, 2013 amounted to R\$ 3,696.8 million, composed by 544,383,996 common shares, without par value. On January 31st, the merger of shares (incorporação de ações) issued by Extrafarma by Ultrapar was approved at the Extraordinary Shareholders' Meetings of both companies. As a consequence, 12,021,100¹ new ordinary, nominative book-entry shares with no par value were issued, totaling a capital stock of R\$ 3,838,686,104.00 divided into 556,405,096 shares. In addition, the Company issued subscription warrants, that, if exercised, may lead to the additional issuance of up to 4,007,031 shares in the future.

2013

Ultrapar ended the fiscal year 2013 with a gross debt of R\$ 6,969.6 million and cash of R\$ 3,543.7 million, resulting in a net debt of R\$ 3,425.9 million, an increase of 11% over 2012, mainly due to investments in expansion and dividends distributed in 2013. On December 31st, 2013, shareholders' equity amounted to R\$ 6,546.9 million, resulting in a net debt to shareholders' equity ratio of 52%.

2012

Ultrapar ended the fiscal year 2012 with a gross debt of R\$ 6,215.9 million and cash of R\$ 3,131.8 million, resulting in a net debt of R\$ 3,084.0 million, an increase of 7% over 2011, mainly due to investments in expansion, acquisitions and dividends distributed in 2012. On December 31st, 2012, shareholders' equity amounted to R\$ 6,006.1 million, resulting in a net debt to shareholders' equity ratio of 51%.

2011

Ultrapar ended the fiscal year 2011 with a gross debt of R\$ 5,542.1 million and a gross cash position of R\$ 2,659.3 million, resulting in a net debt of R\$ 2,882.8 million. On December 31st, 2011, shareholders' equity amounted to R\$ 5,566.7 million, resulting in a net debt to shareholders' equity ratio of 52%.

(R\$ million)	12/31/2013	% of shareholders' equity	12/31/2012	% of shareholders' equity	01/01/2012	% of shareholders' equity
Gross debt	6,969.6	106%	6,215.9	103%	5,542.1	100%
Cash, cash equivalents and financial investments	3,543.7	54%	3,131.8	52%	2,659.3	48%
Net debt	3,425.9	52%	3,084.0	51%	2,882.8	52%

i. Hypothesis for the redemption of shares

There is no hypothesis for the redemption of shares issued by the Company, in addition to those legally provided.

¹ The price of issuance of the new shares was of R\$ R\$ 56.16583 per share, equivalent to a total amount of R\$ 675,175,059.01, of which R\$ 533,261,912.33 were allocated to capital reserve and R\$ 141,913,146.68 to the Company's capital. The amount of the capital reserve provided above may be adjusted as a result of the rules set forth in Technical Standard No. 15 (CPC 15 (R1)), of the Accounting Pronouncements Committee (Comitê de Pronunciamentos Técnicos), approved by CVM Resolution No. 665, dated as of August 4th, 2011.

ii. Calculation for redemption value

Not applicable.

c. Capacity to meet our financial commitments

Our principal sources of liquidity derive from (i) cash, cash equivalents and financial investments, (ii) cash generated from operations and (iii) financings. We believe that these sources are sufficient to satisfy our current funding requirements, which include, but are not limited to, working capital, capital expenditures, amortization of debt and payment of dividends.

Periodically, we assess the opportunities for acquisitions and investments. We consider different types of investments, either directly or through joint ventures, or associated companies, and we finance such investments using cash generated from our operations, debt financing, through capital increases or through a combination of these methods.

We believe we have sufficient working capital to satisfy our current needs. In addition to the cash flow generated from our operations during the year, as of December 31st, 2013, we had R\$ 3,425.2 million in cash, cash equivalents and short-term investments. The gross indebtedness due between January and December 2014 totals R\$ 2,056.9 million, including estimated interests on loans. Furthermore, the investment plan for 2014 totals R\$ 1,484.1 million.

We anticipate that we will spend approximately R\$ 10.4 billion in the next five years to meet long-term contractual obligations, including the amortization and payment of interests, as well as the 2014 budgeted capital expenditures.

(R\$ million)	2014-2018
Contractual obligations	1,916.1
Investment plan for 2014	1,484.1
Financing ¹	6,014.8
Estimated interest payments on financing ²	958.9
Hedging instruments ³	38.9
Total	10,412.9

¹ Does not include currency and interest rate hedging instruments.

² Includes estimated interest payments on short-term and long-term loans. Information of our derivative instruments is not included. The fair value information of such derivatives is available in Note 22, filed with the CVM on February 19th, 2014. To calculate the estimated interest on loans certain macroeconomic assumptions were used, including, on average for the period, (i) CDI of 12.0% p.a., (ii) exchange rate of the real against the U.S. dollar of R\$ 2.50 in 2014, R\$ 2.72 in 2015, R\$ 3.0 in 2016, R\$ 3.29 in 2017 and R\$ 3.57 in 2018 (iii) TJLP of 5.0% p.a. and (iv) IGP-M (General Market Price Index) of 6.4% p.a. in 2014 and 5.4% p.a. from 2015 to 2018.

³ The currency and interest rate hedging instruments were estimated based on projected U.S. dollar futures contracts and the futures curve of DI x Pre contract quoted on BM&FBOVESPA as of December 30th, 2013, and on the futures curve of LIBOR (BBA - British Bankers Association) on December 31st, 2013. In the table above, only the hedging instruments that are expected to be disbursed at the time of settlement were considered.

See “Item 10.1.f. Indebtedness level and debt profile”, “Item 10.8.b. Other off-balance sheet arrangements” and “Item 10.10.a.i. Quantitative and qualitative description of the investments in progress and the estimated investments” for further information.

We expect to meet these cash requirements through a combination of cash generated from operating activities and cash generated by financing activities, including new debt financing and the refinancing of some of our indebtedness.

d. Sources for financing working capital and investments in non-current assets

We generated cash flow from operations of R\$ 2,120.7 million, R\$ 2,443.7 million and R\$ 1,673.7 million for 2013, 2012 and 2011, respectively. In 2013, our cash flow from operations was R\$ 323.0 million lower than that in 2012, mainly due to higher investment in working capital, which increased by R\$ 363.2 million in 2013, especially in inventories and trade payables. In 2012, our cash flow from operations increased by R\$ 770.0 million compared to 2011, mainly as a result of the growth in our operations and lower investment in working capital, mainly due to the reduction in inventory.

Cash flow of investing activities used an amount of R\$ 1,287.9 million, R\$ 1,565.0 million and R\$ 1,445.2 million in 2013, 2012 and 2011, respectively. In 2013, Ultrapar continued its strategy of value creation and investments to increase operating scale and productivity gains in its businesses. In 2013, 2012 and 2011, we invested R\$ 1,101.5 million, R\$ 1,282.7 million and R\$ 961.2 million in additions to fixed and intangible assets, net of disposals. In 2012, Ultrapar, through its subsidiary Oxiten S.A., acquired 100% of the shares of American Chemical for R\$ 107.4 million, in addition to the assumption of R\$ 32.7 million in net debt. Also in 2012, Ultrapar, through its subsidiary Tequimar, acquired 100% of the shares of Temmar, in the port of Itaqui, for R\$ 68.2 million, including the assumption of R\$ 91.2 million in net debt. Tequimar will disburse a minimum extra value of R\$ 12 million, which may reach approximately R\$ 30 million as a result of possible future expansions in the storage capacity of the terminal, provided that such expansions are implemented within the 7-year period after the acquisition, an amount that will be restated by the General Index of Market Prices ("IGP-M"). In 2011, Ultrapar acquired, through its controlled company Companhia Ultragaz S.A., 100% of Repsol's shares for the total amount of R\$ 49.8 million, and disbursed R\$ 26.6 million related to the final payment of the DNP acquisition.

Cash flows used by financing activities totaled R\$ 578.9 million, R\$ 622.7 million and R\$ 1,093.7 million for 2013, 2012 and 2011, respectively. In 2013, cash flows from financing activities increased by R\$ 43.8 million compared to 2012. In 2012, cash flows from financing activities increased by R\$ 471.1 million, mainly as a result of the issuance of debentures, in March and November 2012, in order to strengthen the Company's cash and extend its debt profile, partially offset by increased amortization of financing and debentures. In 2011, the decrease in cash flows from financing activities reflected the higher raising of new loans in 2010. Accordingly, cash and cash equivalents totaled R\$ 2,276.1 million in 2013, R\$ 2,021.1 million in 2012 and R\$ 1,765.5 million in 2011.

e. Sources for financing working capital and investments in non-current assets to be used to in case of deficiencies in liquidity

In 2013, 2012 and 2011, we did not present deficiencies in liquidity. We believe that Ultrapar has own resources and operational cash generation sufficient to finance its needs for working capital and investments estimated for 2014.

f. Indebtedness level and debt profile

Our total indebtedness, considering all current liabilities and non-current liabilities, grew by 6%, from R\$ 9,243.5 million as of December 31st, 2012 to R\$ 9,831.7 million as of December 31st, 2013.

Our gross financial debt increased by 12% during the year ended on December 31st, 2013, from R\$ 6,215.9 million as of December 31st, 2012 to R\$ 6,969.6 million as of December 31st, 2013. Our short term financial debt as of December 31st, 2013 and 2012 was equivalent to 26% of our gross debt for both periods.

The table below shows our financial indebtedness for each period:

Loans	Currency	Weighted average financial charges as of December 31st, 2012	Principal amount of outstanding and accrued interest through		
			12/31/2013	12/31/2012	01/01/2012
Foreign currency – denominated loans:					
Notes in the foreign market	US\$	7.3%	584.5	508.9	466.2
Foreign loan	US\$	LIBOR(1) + 0.8%	187.3	159.6	—
Foreign loan	US\$	LIBOR(1) + 1.0%	140.3	122.2	111.9
Advances on foreign exchange contracts	US\$	1.4%	136.8	114.8	125.8
Financial institutions	US\$	2.1%	95.8	84.0	—
Financial institutions	US\$	LIBOR(1) + 2.0%	46.7	40.6	—
BNDES	US\$	5.6%	46.6	59.3	72.9
Financial institutions	MX\$(3)	TIIE(3) + 1.2%	31.2	25.3	28.5
Foreign currency advances delivered	US\$	1.2%	25.5	52.7	45.7
Financial institutions	Bs(2)	—	—	30.2	21.8
FINIMP	US\$	—	—	—	0.9
Brazilian Reais – denominated loans:					
Banco do Brasil – floating rate	R\$	103.3% do CDI	2,402.6	668.9	213.1
Banco do Brasil – fixed rate	R\$	12.1%	905.9	1,948.1	2,208.1
Debentures - 4th issuance	R\$	108.3% do CDI	852.5	845.9	—
BNDES	R\$	TJLP(4) + 2.5%	633.8	677.8	890.9
Debentures - 1st public issuance IPP	R\$	107.9% do CDI	606.9	602.3	—
Banco do Nordeste do Brasil	R\$	8.5%(6)	104.1	118.8	86.1
BNDES	R\$	5.3%	47.4	49.2	57.2
Finance leases	R\$	IGP-M(5) + 5.6%	44.3	42.4	42.4
FINEP	R\$	4.0%	38.8	30.8	10.9
Export Credit Note	R\$	8.0%	25.0	—	—
FINEP	R\$	TJLP(4) + 0.0%	6.7	23.5	45.6
Fixed finance leases	R\$	14.0%	0.1	0.5	1.3
FINAME	R\$	—	—	0.5	2.1
Debentures – 3th issuance	R\$	—	—	—	1,002.5
Loans - Maxfácil	R\$	—	—	—	86.4
Total loans			6,963.1	6,206.2	5,520.0
Currency and interest rate hedging instruments			6.6	9.7	22.1
Total			6,969.6	6,215.9	5,542.1

(1) LIBOR – London Interbank Offered Rate.

(2) Bs – Venezuelan Bolívar Forte.

(3) MX\$ - Mexican peso; TIIE - Mexican interbank balance interest rate.

(4) TJLP (Long-Term Interest Rate) = set by the National Monetary Council, TJLP is the basic financing cost of BNDES. On December 31st, 2013, TJLP was fixed at 5.0% p.a.

(5) IGP-M = General Index of Market Prices of Brazilian inflation, calculated by the Getulio Vargas Foundation.

(6) 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 December 31st, 2013, the FNE interest was 10% p.a. FNE grants a discount of 15% over the interest rate for timely payments.

Our consolidated debt as of December 31st, 2013 had the following maturity schedule:

Year	Maturities (R\$ million)
2014	1,830.0
2015	2,831.8
2016	493.4
2017	797.6
2018	68.6
2019 thereafter	948.2
Total	6,969.6

See “Item 10.1.c. Capacity to meet our financial commitments”.

i. Relevant loan and financing contracts

Notes in the foreign market

In December 2005, the subsidiary LPG International issued US\$ 250 million in notes in the foreign market, maturing in December 2015, with interest rate of 7.3% p.a., paid semiannually. The issuance price was 98.7% of the note’s face value, which represented a total yield for investors of 7.4% p.a. upon issuance. The notes were guaranteed by Ultrapar and Oxitenos S.A.

Foreign loans

In November 2012 the subsidiary IPP contracted a foreign loan in the amount of US\$ 80 million, with maturity in November 2015 and interest rate equivalent to LIBOR + 0.8% p.a., paid quarterly. IPP also contracted hedging instruments for floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loan charge to 104.1% of CDI (see Note 22). The foreign loan is secured by Ultrapar.

The subsidiary Oxitenos Overseas has a foreign loan in the amount of US\$ 60 million with maturity in June 2014 and interest of LIBOR + 1.0% p.a., paid semiannually. Ultrapar, through its subsidiary Cia. Ultragas, contracted hedging instruments with floating interest rate in dollar and exchange rate variation, changing the foreign loan charge to 86.9% of CDI (see Note 22). The foreign loan is guaranteed by Ultrapar and its subsidiary Oxitenos S.A.

Debentures

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

Face value unit:	R\$ 10,000.00
Final maturity:	November 16th, 2017
Payment of the face value:	Lump sum at final maturity

Interest:	107.9% of CDI
Payment of interest:	Semiannually
Reprice:	Not applicable

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

In March 2012, Ultrapar carried out its fourth issuance of debentures, in a single series of 800 simple, nonconvertible into shares, unsecured debentures, and its main characteristics are as follows:

Face value unit:	R\$ 1,000,000.00
Final maturity:	March 16th, 2015
Payment of the face value:	Lump sum at final maturity
Interest:	108.3% of CDI
Payment of interest:	Annually
Reprice:	Not applicable

The proceeds of the issuance were used for the partial early redemption of 800 debentures, in March 2012, of Ultrapar's third issuance of debentures.

Financial institutions

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

Loans with Banco do Brasil

The subsidiary IPP has fixed and floating loans from Banco do Brasil to finance the marketing, processing or manufacture of agricultural goods (ethanol). IPP contracted interest rate hedging instruments, thus converting the fixed charges for the fixed loans into an average 99.3% of CDI (see Note 22). IPP designates these instruments of protection as a fair value hedge; therefore, loans and hedging instruments are both stated at fair value from inception. Changes in fair value are recognized in profit or loss.

These loans mature, as follows (include interest until December 31st, 2013):

Maturity	Balance in 2013 (in millions of Reais)
January, 2014	410.2
March, 2014	252.7
April, 2014	64.4
May, 2014	451.9
February, 2015	368.5
May, 2015	670.0
February, 2016	166.7
May, 2016	100.0
May, 2019	824.2
Total	3,308.5

During the first semester of 2013, IPP renegotiated loans with original maturities in this period, with principal amounts of (i) R\$ 500 million, changing the maturity to February 2015 and February 2016 and (ii) R\$ 300 million, changing the maturity to May 2015 and May 2016, both with floating interest rate of 104.3% of CDI.

In the second quarter of 2013, IPP contracted an additional loan in the notional amount of R\$ 800 million, maturing in May 2019 and floating interest rate of 104.0% of CDI.

Export credit note

In March 2013, the subsidiary Oxiteno Nordeste contracted an export credit note in the amount of R\$ 17.5 million, with maturity in March 2016 and fixed interest rate of 8% p.a., paid quarterly.

In August 2013, the subsidiary Oxiteno Nordeste contracted an export credit note in the amount of R\$ 10.0 million, with maturity in August 2016 and fixed interest rate of 8% p.a., paid quarterly.

Oxiteno Nordeste contracted interest hedging instruments, thus converting the fixed rates for these loans into 88.8% of CDI (see Note 22). Oxiteno Nordeste designated these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both measured at fair value from inception. Changes in fair value are recognized in profit or loss.

ii. Other long term relations with financial institutions

In addition to the relationships mentioned in items 10.1.f.i. Relevant loan and financing contracts and 10.1.g. Limits of use of contracted loans and financing, Ultrapar maintains long term relationships with financial institutions (i) in connection with the ordinary course of the business, such as the payroll of its employees, credit and collection, payments and currency and interest rate hedging instruments and (ii) through a long-term contract between Ipiranga and Itaú Unibanco for the provision of financial services and management of the Ipiranga-branded credit cards.

iii. Subordination of debt

Our secured debt as of December 31st, 2013, amounted to R\$ 40.7 million. Except for the secured debt, there is no subordination among our existing debt.

iv. Any restrictions imposed on the issuer, especially related to indebtedness limits and the hiring of new debt, to dividend distribution, to the sale of assets, to the issuing of new securities and to change of control

Ultrapar and its subsidiaries have some covenants required by loans contracted. The restrictions imposed on Ultrapar and its subsidiaries are those usual for transactions of this nature and have not limited their ability to conduct their business to date.

As a result of the issuance of notes in the foreign market, certain obligations must be maintained by Ultrapar:

- Limitation on transactions with shareholders that hold 5% or more of any class of stock of Ultrapar, except upon fair and reasonable terms no less favorable than could be obtained in a comparable arm's-length transaction with a third party;
- Required board approval for transactions with shareholders that hold 5% or more of any class of stock of Ultrapar, or with their subsidiaries, in an amount higher than US\$ 15 million (except transactions of Ultrapar with its subsidiaries and between its subsidiaries);
- Restriction on sale of all or substantially all assets of Ultrapar and subsidiaries LPG International and Oxiteno S.A.;
- Restriction on encumbrance of assets exceeding US\$ 150 million or 15% of the consolidated tangible assets.

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

- Maintenance of a financial ratio, determined by the ratio between consolidated net debt and consolidated Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), at less than or equal to 3.5; and
- Maintenance of a financial ratio determined by the ratio between consolidated EBITDA and consolidated net financial expenses, higher than or equal to 1.5.

As a result of BNDES financing contracts, during the effectiveness of these agreements, Ultrapar must keep the following capitalization and current liquidity levels, as verified in annual consolidated 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.

g. Limits of use of contracted loans and financings

The Company has certain financing contracts with BNDES whose amount was only partially received.

As of December 31st, 2013, the total value of such contracts amounted to R\$791 million, of which 31% had already been received.

h. Main changes in each item of the financial statements

Ultrapar – Consolidated

(R\$ million)	Information as of			Variation %	
				12/31/2013	12/31/2012
				vs.	vs.
	12/31/2013	12/31/2012	01/01/2012	12/31/2012	01/01/2012
ASSETS					
Cash, cash equivalents and financial investments	3,425.2	2,982.3	2,584.9	15%	15%
Trade accounts receivable	2,321.5	2,306.5	2,023.4	1%	14%
Inventories	1,592.5	1,290.7	1,303.5	23%	-1%
Recoverable taxes	480.0	478.0	466.5	0%	2%
Other	84.7	75.6	60.2	12%	26%
Total Current Assets	7,903.9	7,133.0	6,438.4	11%	11%
Investments	58.9	43.7	136.2	35%	-68%
Property, plant and equipment and intangibles assets	7,029.0	6,632.3	5,790.1	6%	15%
Financial investments	118.5	149.5	74.4	-21%	101%
Trade accounts receivable	124.5	137.4	117.7	-9%	17%
Deferred income tax	376.1	469.3	511.0	-20%	-8%
Escrow deposits	614.9	533.7	469.2	15%	14%
Other	152.7	150.6	160.7	1%	-6%
Total Non-Current Assets	8,474.6	8,116.5	7,259.3	4%	12%
TOTAL ASSETS	16,378.5	15,249.6	13,697.7	7%	11%
LIABILITIES					
Loans, debentures and finance leases	1,830.0	1,628.0	2,305.0	12%	-29%
Trade payables	968.9	1,297.7	1,066.8	-25%	22%
Salaries and related charges	297.7	252.5	267.2	18%	-5%
Taxes payable	230.2	182.9	145.4	26%	26%
Other	437.7	360.1	298.8	22%	21%
Total Current Liabilities	3,764.5	3,721.3	4,083.2	1%	-9%
Loans, debentures and finance leases	5,139.6	4,587.9	3,237.1	12%	42%
Provision for tax, civil and labor risks	569.7	551.0	512.2	3%	8%
Post-employment benefits	99.4	118.5	97.5	-16%	22%
Other	258.4	264.9	201.0	-2%	32%
	6,067.2	5,522.2	4,047.8	10%	36%

Total Non-Current
Liabilities

TOTAL LIABILITIES	9,831.7	9,243.5	8,131.0	6%	14%
SHAREHOLDERS' EQUITY					
Capital	3,696.8	3,696.8	3,696.8	0%	0%
Reserves	2,733.0	2,251.5	1,848.6	21%	22%
Treasury shares	(114.9)	(114.9)	(118.2)	0%	-3%
Others	205.1	147.2	113.4	39%	30%
Non-controlling interest	26.9	25.5	26.2	6%	-3%
TOTAL SHAREHOLDERS' EQUITY	6,546.9	6,006.1	5,566.7	9%	8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,378.5	15,249.6	13,697.7	7%	11%

Main changes in the consolidated balance sheet accounts on December 31st, 2013 compared with December 31st, 2012

Assets

Current assets

Current assets amounted to R\$ 7,903.9 million on December 31st, 2013, a R\$ 770.9 million increase over the current assets on December 31st, 2012, mainly as a result of the increases in cash and financial investments and in inventories.

Cash and financial investments

Cash and financial investments amounted to R\$ 3,425.2 million on December 31st, 2013, a R\$ 442.9 million increase over December 31st, 2012, mainly as a result of the increased cash flow generated from our operations and debt financing raised in the period, partially offset mainly by the organic investments made in 2013 and the increased payment of dividends.

Inventories

Inventories amounted to R\$ 1,592.5 million on December 31st, 2013, a R\$ 301.8 million increase compared with December 31st, 2012, mainly as a result of increases in diesel, gasoline and ethanol costs during the year.

Non-current assets

Non-current assets amounted to R\$ 8,474.6 million on December 31st, 2013, a R\$ 358.1 million increase compared with December 31st, 2012, mainly as a result of the increase in property, plant and equipment and intangible assets.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets amounted to R\$ 7,029.0 million on December 31st, 2013, a R\$ 369.7 million increase compared with December 31st, 2012, as a result of the higher level of organic investments made in 2013, partially offset by depreciation and amortization in the period.

Liabilities

Current liabilities

Current liabilities amounted to R\$ 3,764.5 million on December 31st, 2013, a R\$ 43.2 million reduction compared with December 31st, 2012, as a result of an increase in short-term loans, debentures and finance lease, partially offset by a reduction in trade payables.

Loans, debentures and finance leases

Loans, debentures and finance lease amounted to R\$ 1,830.0 million on December 31st, 2013, a R\$ 202.0 million increase compared with December 31st, 2012, mainly as a result of the transfer of the amount due in 2014 from non-current liabilities to current liabilities, partially offset by the extension of the Ultrapar's debt profile, which remained stable. See "Non-current liabilities – Loans, debentures and finance leases".

Trade payables

Trade payables amounted to R\$ 968.9 million on December 31st, 2013, a R\$ 328.8 million increase over December 31st, 2012, concentrated in Ipiranga's trade payables, as a result of the reduction of the term of payment to Petrobras.

Non-current liabilities

Non-current liabilities amounted to R\$ 6,067.2 million on December 31st, 2013, increase of R\$ 544.9 million over December 31st, 2012, mainly as result of the increase in loans, debentures and finance leases.

Loans, debentures and finance leases

Loans, debentures and finance leases amounted to R\$ 5,139.6 million on December 31st, 2013, a R\$ 551.7 million increase compared with December 31st, 2012, mainly as a result of new debt raised, with the maintenance of Ultrapar's debt profile.

Shareholders' Equity

Ultrapar's shareholders' equity amounted to R\$ 6,546.9 million on December 31st, 2013, a R\$ 540.8 million increase compared with December 31st, 2012, as a result of an increase in profit reserves, due to the net earnings of 2013.

Main changes in the consolidated balance sheet accounts on December 31st, 2012 compared with January 1st, 2012

Assets

Current assets

Current assets amounted to R\$ 7,133.0 million on December 31st, 2012, a R\$ 694.6 million increase over the current assets on January 31st, 2012, mainly as a result of the increases in cash and financial investments and trade accounts receivable.

Cash and financial investments

Cash, cash equivalents and financial investments amounted to R\$ 2,982.3 million on December 31st, 2012, a R\$ 397.4 million increase over January 31st, 2012, mainly as a result of the increased cash flow generated from our operations and debt financing raised in the period, partially offset by the investments made during the year, the increased payment of dividends and the amortization of financings.

Trade accounts receivable

Trade accounts receivable amounted to R\$ 2,306.5 million on December 31st, 2012, a R\$ 283.1 million increase compared with January 31st, 2012, mainly as a result of increased sales in the period.

Non-current assets

Non-current assets amounted to R\$ 8,116.5 million on December 31st, 2012, a R\$ 857.2 million increase compared with January 31st, 2012.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets amounted to R\$ 6,632.3 million on December 31st, 2012, an R\$ 842.3 million increase compared with January 31st, 2012, mainly as a result of the higher level of organic investments made in 2012.

Escrow deposits

Escrow deposits amounted to R\$ 533.7 million on December 31st, 2012, a R\$ 64.5 million increase compared with January 31st, 2012, as a consequence of new escrow deposits and inflation adjustment over the existing ones.

Liabilities

Current liabilities

Current liabilities amounted to R\$ 3,721.3 million on December 31st, 2012, a R\$ 361.9 million reduction compared with January 31st, 2012, as a result of a reduction in short-term loans, debentures and finance lease, partially offset by an increase in trade payables.

Loans, debentures and finance leases

Loans, debentures and finance leases amounted to R\$ 1,628.0 million on December 31st, 2012, a R\$ 677.0 million decrease compared with January 31st, 2012, mainly as a result of the extension of Ultrapar's debt profile. See "Non-current liabilities – Loans, debentures and finance leases".

Trade payables

Trade payables amounted to R\$ 1,297.7 million on December 31st, 2012, a R\$ 230.9 million increase over January 31st, 2012, mainly as result of the increase of R\$ 210.0 million in Ipiranga's trade payables, due to the growth of its operations and increases in diesel purchase costs.

Non-current liabilities

Non-current liabilities amounted to R\$ 5,522.2 million on December 31st, 2012, increase of R\$ 1,474.4 million over January 31st, 2012, mainly as result of the increase in loans, debentures and finance leases.

Loans, debentures and finance leases

Loans, debentures and finance leases amounted to R\$ 4,587.9 million on December 31st, 2012, a R\$ 1,350.8 million increase compared with January 31st, 2012, mainly as a result of the issuance of debentures, with 3- and 5-year terms, and the extension of the Company's debt profile.

Shareholders' Equity

Ultrapar's shareholders' equity amounted to R\$ 6,006.1 million on December 31st, 2012, a R\$ 439.4 million increase compared with January 31st, 2012, as a result of an increase in profit reserves, due to the net earnings of 2012.

Main changes in the consolidated income statement

Main changes in the consolidated income statement for the year ended December 31st, 2013 compared with the year ended December 31st, 2012

(R\$ million)	Year ending December 31st 2013	% of net sales and services	Year ending December 31st 2012	% of net sales and services	change	Percent 2013-2012
Net revenue from sales and services	60,940.2	100%	53,868.9	100%		13%
Cost of products and services sold	(56,165.4)	92%	(49,768.1)	92%		13%
Gross profit	4,774.9	8%	4,100.8	8%		16%
Selling, marketing, general and administrative expenses	(2,768.7)	5%	(2,470.7)	5%		12%
Other operating income, net	97.6	0%	74.1	0%		32%
Income from disposal of assets	40.3	0%	3.7	0%		1002%
Operating income	2,144.0	4%	1,707.9	3%		26%
Financial results	(337.6)	1%	(270.3)	1%		25%
Income and social contribution taxes	(5.0)	0%	10.5	0%		-148%
Equity in earnings (losses) of affiliates	(572.7)	1%	(421.3)	1%		36%
Net income	1,228.7	2%	1,026.8	2%		20%
Net income attributable to:						
Shareholders of Ultrapar	1,225.1	2%	1,019.9	2%		20%
Non-controlling shareholders of the subsidiaries	3.6	0%	6.9	0%		-48%
EBITDA	2,918.0	5%	2,411.4	4%		21%
Depreciation and amortization	778.9	1%	693.1	1%		12%

Overview on sales volume

	2013	2012	Percent change 2013-2012
Ipiranga (000 m3)	24,758	23,364	6%
Oxitenó (000 tons)	776	761	2%
Ultracargo (000 m3)	696	614	13%
Ultragaz (000 tons)	1,696	1,681	1%

Ipiranga's sales volume in 2013 grew by 6% over 2012, totaling 24,758 thousand cubic meters. Sales volume of gasoline, ethanol and natural gas for vehicles increased by 9% in relation to 2012, as a result of an estimated 7% growth of the light vehicles fleet and strong investments in new service stations and in the conversion of unbranded service stations. Diesel volumes, in turn, grew by 4% as a result of the 7% growth in the volume sold in the reseller segment, derived from investments made in expanding the service station network and, to a lesser extent, the growth of the economy. At Oxitenó, sales volume of specialty chemicals reached 687 thousand tons in 2013, up 8% compared with the previous year, mainly due to (i) investments to expand production capacity over the last years (ii) the growth of the segments served by Oxitenó in Brazil, in particular cosmetics, detergents, agrochemicals and coatings, and (iii) the acquisition of the specialty chemicals plant in Uruguay. Oxitenó's total volume sold increased by 2% in 2013, with the strong growth of specialties partly offset by lower sales of glycols in the second half of 2013, leading to a richer sales mix. Ultracargo's average storage grew by 13% compared with 2012, driven by the acquisition of a terminal in the port of Itaquí, in August 2012, and by the increased product handling at the Suape, Aratu and Santos terminals, which was enabled by the investments carried out over the last years. Ultragaz's sales volume reached 1,696 thousand tons in 2013, up 1% over 2012, due to the 3% growth in the bulk segment, as a consequence of investments made to capture new customers, especially in the residential segment and in small- and medium-sized companies.

Net revenue from sales and services

(R\$ million)	2013	2012	Percent change 2013-2012
Ipiranga	53,384.1	46,829.4	14%
Oxitenó	3,277.8	2,928.8	12%
Ultracargo	332.1	293.6	13%
Ultragaz	3,982.3	3,847.1	4%

Ultrapar's net revenue from sales and services amounted to R\$ 60,940 million in 2013, a 13% growth over 2012. In the same comparison, Ipiranga's net revenue increased by 14%, mainly due to (i) increased sales volume, (ii) the rise in diesel, gasoline and ethanol costs, and (iii) improved sales mix, resulting from investments in the service station network expansion, which enabled a higher share of fuels for light vehicles and diesel sold through the reseller segment (sales in service stations). Oxitenó reported a 12% growth in net revenue, as a result of the 10% weaker Real and the 2% growth of sales volume. Ultracargo's net revenue totaled R\$ 332.1 million, up 13% over 2012, mainly due to the increased average storage. Ultragaz's net revenue amounted to R\$ 3,982.3 million in 2013, up 4% over 2012, mainly as a result of increased sales volume in the bulk segment.

Cost of products and services sold

(R\$ million)	2013	2012	Percent change 2013-2012
Ipiranga	50,190.2	44,055.2	14%
Oxitenó	2,479.5	2,312.4	7%
Ultracargo	133.8	117.4	14%
Ultragaz	3,398.2	3,313.3	3%

Ultrapar's cost of products and services sold amounted to R\$ 56,165 million in 2013, growth of 13% over 2012. Ipiranga's cost of products sold increased by 14% over 2012, mainly due to the growth in sales volume and the cost increases by Petrobras (i) in diesel, in January, March and November 2013, and (ii) in gasoline, in January 2013. Oxitenó's cost of products sold presented a 7% increase over 2012 mainly due to the effect of the 10% weaker Real on variable costs and the 2% growth in sales volume, effects partially offset by a 5% reduction in unit variable costs in dollars. Ultracargo's cost of services presented a 14% increase over 2012 as a result of increased average storage and increased depreciation, as a consequence of the capacity expansions and the acquisition of the terminal in Itaquí in August 2012. Ultragaz's cost of products sold increased by 3% over 2012, as a result of increased sales volume, the effects of inflation on costs, and increased requalification of LPG bottles, partially offset by cost reduction initiatives implemented over the year.

Gross profit

Ultrapar reported gross profit of R\$ 4,774.9 million in 2013, a 16% growth over 2012, as a consequence of the growth in the gross profit of all businesses.

Selling, marketing, general and administrative expenses

(R\$ million)	2013	2012	Percent change 2013-2012
Ipiranga	1,759.5	1,613.3	9%
Oxitenó	486.9	387.0	26%
Ultracargo	94.5	74.6	27%
Ultragaz	432.4	409.6	6%

Ultrapar's selling, marketing, general and administrative expenses amounted to R\$ 2,768.7 million in 2013, up 12% over 2012. Ipiranga's selling, marketing, general and administrative expenses presented a 9% increase over 2012, mainly resulting from (i) increased sales volume and increased unit expenses with freight, derived from the rise in diesel costs and inflation (ii) the expansion of the distribution network, and (iii) the effects of inflation on personnel expenses. Oxitenó's selling, marketing, general and administrative expenses grew by 26% over 2012, due to (i) increased logistics expenses, resulting from the rise in diesel costs and the effect of the weaker Real, (ii) the startup of the company's operations in Uruguay and in the United States, (iii) an increase in variable compensation, in line with earnings progression, and (iv) the effects of inflation on expenses. Ultracargo's selling, marketing, general and administrative expenses were up 27% compared to 2012, mainly as a result of the acquisition of the terminal in Itaquí, increased expenses with projects and the effects of inflation on expenses. Ultragaz's selling, marketing, general and administrative expenses grew by 6% over 2012, mainly due to the effects of inflation on personnel expenses and

freight, partially offset by expense reduction initiatives implemented over the year.

Depreciation and amortization

Total depreciation and amortization costs and expenses in 2013 amounted to R\$ 778.9 million, up R\$ 85.9 million or 12% over 2012, due to increased investments and the acquisitions in the port of Itaquí, by Ultracargo, and in Uruguay, by Oxitenó.

Income from disposal of assets

Ultrapar reported in 2013 an income from disposal of assets in the total amount of R\$ 40.3 million, R\$ 36.6 million above that of 2012, mainly due to sale of part of a logistics facility of Ipiranga.

Operating profit

Ultrapar presented operating profit of R\$ 2,144.0 million in 2013, up 26% up over 2012, as a result of the growth of operating profit of all businesses. Ipiranga's operating profit totaled R\$ 1,574.7 million, up 26% over 2012. Oxitenó's operating profit totaled R\$ 308.6 million, up 35% over 2012. Ultracargo's operating profit totaled R\$ 108.9 million, up 3% from 2012. Ultragaz's operating profit totaled R\$ 147.0 million, up 29% from 2012.

Financial result

Ultrapar reported net financial expenses of R\$ 337.6 million in 2013, R\$ 67.3 million above that of 2012, mainly due to the increased average net debt and effects of the exchange rate over the year.

Net income

Ultrapar's consolidated net income in 2013 reached R\$ 1,228.7 million, 20% higher than that of 2012, mainly as a result of the growth in EBITDA between the periods.

EBITDA

(R\$ million)	2013	2012	Percent change 2013-2012
Ipiranga	2,029.6	1,652.6	23%
Oxitenó	440.6	351.8	25%
Ultracargo	157.5	142.7	10%
Ultragaz	280.5	245.7	14%

Ultrapar's consolidated EBITDA reached R\$ 2,918.0 million in 2013, a 21% growth over 2012. Ipiranga reported an EBITDA of R\$ 2,029.6 million in 2013, up 23% from 2012, mainly due to (i) investments in the resellers' network expansion resulting in increased sales volume in the reseller segment (sales in service stations), (ii) the strategy of constant innovation in services and convenience in the service station, (iii) initiatives for reducing the grey market in the ethanol segment, and (iv) the inventory effects resulting from the evolution of ethanol, diesel and gasoline costs, partially offset by higher expenses, mainly with freight. Oxitenó's EBITDA totaled R\$ 440.6 million, a growth of 25% over 2012, as a result of (i) the effect of the 10% weaker Real, (ii) a richer sales mix in 2013, with increased share of specialty chemicals, and (iii) the 2% growth in sales volume, partially offset by expenses related to the startup of the company's operations in the United States and in Uruguay. Ultracargo reached an EBITDA of R\$ 157.5 million in

2013, an increase of 10% over 2012, mainly due to the acquisition of the terminal in Itaquí and higher average storage. Ultragaz's EBITDA amounted to R\$ 280.5 million, 14% higher than that of 2012, mainly due to the costs and expenses reduction initiatives implemented over the year.

Main changes in the consolidated income statement for the year ended December 31st, 2012 compared with the year ended December 31st, 2011

(R\$ million)	Year ending December 31st 2012	% of net sales and services	Year ending December 31st 2011	% of net sales and services	Percent change 2012-2011
Net revenue from sales and services	53,868.9	100%	48,628.7	100%	11%
Cost of products and services sold	(49,768.1)	92%	(45,124.3)	93%	10%
Gross profit	4,100.8	8%	3,504.4	7%	17%
Selling, marketing, general and administrative expenses	(2,470.7)	5%	(2,122.3)	4%	16%
Other operating income, net	74.1	0%	52.2	0%	42%
Income from disposal of assets	3.7	0%	21.4	0%	-83%
Operating income	1,707.9	3%	1,455.7	3%	17%
Financial results	(270.3)	1%	(307.6)	1%	-12%
Income and social contribution taxes	10.5	0%	13.9	0%	-24%
Equity in earnings (losses) of affiliates	(421.3)	1%	(301.7)	1%	40%
Net income	1,026.8	2%	860.3	2%	19%
Net income attributable to:					
Shareholders of Ultrapar	1,019.9	2%	854.3	2%	19%
Non-controlling shareholders of the subsidiaries	6.9	0%	6.0	0%	14%
EBITDA	2,411.4	4%	2,047.5	4%	18%
Depreciation and amortization	693.1	1%	578.0	1%	20%

Overview on sales volume

	2012	2011	Percent change 2012-2011
Ipiranga (000 m3)	23,364	21,701	8%
Oxitenó (000 tons)	761	660	15%
Ultracargo (000 m3)	614	582	5%
Ultragaz (000 tons)	1,681	1,652	2%

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

Net revenue from sales and services

(R\$ million)	2012	2011	Percent change 2012-2011
Ipiranga	46,829.4	42,221.6	11%
Oxitenó	2,928.8	2,408.6	22%
Ultracargo	293.6	259.9	13%
Ultragaz	3,847.1	3,766.8	2%

Ultrapar's net revenue from sales and services amounted to R\$ 53,868.9 million in 2012, an 11% growth over 2011. Ipiranga's net revenue from sales and services totaled R\$ 46,829.4 million in 2012, up 11% over 2011, mainly due to (i) increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxitenó reported R\$ 2,928.8 million in net revenue from sales and services, a 22% increase compared with 2011, mainly due to the 15% growth in sales volume and a 17% weaker Real, partially offset by the 10% lower average price in dollar, mainly as result of the increased share of glycol in the product mix, with lower prices. Ultracargo's net revenue from sales and services totaled R\$ 293.6 million, up 13% over 2011, mainly due to the growth in average storage, tariff adjustments, and an improved mix of handled products and contracts. Ultragaz's net revenue from sales and services amounted to R\$ 3,847.1 million in 2012, up 2% over 2011, in line with the volume sold.

Cost of products and services sold

(R\$ million)	2012	2011	Percent change 2012-2011
Ipiranga	44,055.2	39,897.9	10%
Oxitenó	2,312.4	1,931.0	20%
Ultracargo	117.4	110.1	7%
Ultragaz	3,313.3	3,213.5	3%

Ultrapar's cost of products and services sold amounted to R\$ 49,768.1 million in 2012, growth of 10% over 2011. Ipiranga's cost of products sold amounted to R\$ 44,055.2 million, up 10% over 2011, mainly due to (i) the increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxitenó's cost of products sold totaled R\$ 2,312.4 million, a 20% increase over 2011, mainly due to the 15% growth in sales volume and the 17% weaker Real, partially offset by a 10% reduction in unit variable costs in dollar. Ultracargo's cost of services provided totaled R\$ 117.4 million, up 7% over 2011, mainly due to higher depreciation resulting from recent capacity expansions and the acquisition of Temmar. Ultragaz's cost of products sold amounted R\$ 3,313.3 million, up 3% over 2011, due to the growth in sales volume and the effects of inflation on personnel and on freight costs, partially offset by cost reduction initiatives in bottling and storage facilities.

Gross profit

Ultrapar reported gross profit of R\$ 4,100.8 million in 2012, 17% growth over 2011, as a consequence of the growth in the gross profit of Ipiranga, Oxitenó and Ultracargo.

Selling, marketing, general and administrative expenses

(R\$ million)	2012	2011	Percent change 2012-2011
Ipiranga	1,613.3	1,357.4	19%
Oxitenó	387.0	318.7	21%
Ultracargo	74.6	65.6	14%
Ultragaz	409.6	387.0	6%

Ultrapar's selling, marketing, general and administrative expenses amounted to R\$ 2,470.7 million in 2012, up 16% over 2011. Ipiranga's selling, marketing, general and administrative expenses totaled R\$ 1,613.3 million, 19% higher than that in 2011, as a result of (i) higher sales volume, (ii) the effects of inflation on expenses, (iii) the expansion of the distribution network, and (iv) increased advertising and marketing expenses. Oxitenó's selling, marketing, general and administrative expenses amounted to R\$ 387.0 million, up 21% over 2011, mainly due to (i) higher logistics expenses, resulting from increased sales volume and the effect of exchange rate on international freight expenses, (ii) the effects of inflation on expenses, and (iii) expenses with the expansion projects in the United States and Uruguay. Ultracargo's selling, marketing, general and administrative expenses amounted to R\$ 74.6 million in 2012, 14% growth compared to 2011, mainly as a result of higher expenses related to expansion projects and the acquisition of Temmar. Ultragaz's selling, marketing, general and administrative expenses totaled R\$ 409.6 million, up 6% over 2011, mainly due to (i) the effects of inflation on personnel expenses, (ii) higher expenses with marketing and sales campaigns, and (iii) the higher sales volume, partially offset by expense reduction initiatives.

Depreciation and amortization

Total depreciation and amortization costs and expenses in 2012 amounted to R\$ 693.1 million, up R\$ 115 million (20%) over 2011, due to (i) increased investments in the expansion of Ipiranga's network of services stations and logistics infrastructure, (ii) the start-up of operations of Oxitenó's and Ultracargo's capacity expansions throughout 2011 and 2012, and (iii) acquisitions.

Income from disposal of assets

Ultrapar recorded in 2012 an income from disposal of assets in the total amount of R\$ 3.7 million, R\$ 18 million lower than that in 2011, mainly due to lower income from the sale of land by Ipiranga and of vehicles by Ultragaz.

Operational profit

Ultrapar's operational profit reached R\$ 1,707.9 million in 2012, up 17% over 2011, as a result of the growth in the operational profit in Ipiranga, Oxitenó and Ultracargo. Ipiranga's operational profit totaled R\$ 1,254.4 million, up 20% over 2011. Oxitenó's operational profit totaled R\$ 228.8 million, up 47% over 2011. Ultracargo's operational profit totaled R\$ 105.5 million, up 21% from 2011. Ultragaz's operational profit totaled R\$ 114.3 million, down 30% from 2011.

Financial result

Ultrapar reported net financial expenses of R\$ 270.3 million in 2012, R\$ 37 million below that of 2011, mainly due to the reduction of interest rates (CDI) in 2012.

Net income

Ultrapar's consolidated net income in 2012 reached R\$ 1,026.8 million, 19% higher than that of 2011, mainly as a result of the growth in the EBITDA between the periods.

EBITDA

(R\$ million)	2012	2011	Percent change 2012-2011
Ipiranga	1,652.6	1,366.4	21%
Oxitenó	351.8	262.3	34%
Ultracargo	142.7	116.8	22%
Ultragaz	245.7	280.9	-13%

Ultrapar's consolidated EBITDA reached R\$ 2,411.4 million in 2012, an 18% growth over 2011, as a result of EBITDA growth of Ipiranga, Oxitenó and Ultracargo. Ipiranga reported an EBITDA of R\$ 1,652.6 million in 2012, up 21% from 2011, mainly due to (i) increased sales volume, (ii) improved sales mix, with a higher share of gasoline, and (iii) the strategy of constant innovation in services and convenience at the service station, creating increased customer satisfaction and loyalty. Ipiranga's unit EBITDA margin in 2012 was R\$ 71/m³, corresponding to an EBITDA margin of 3.5%, higher than the unit EBITDA margin of R\$ 63/m³ in 2011. Oxitenó's EBITDA totaled R\$ 351.8 million, growth of 34% over 2011, as a result of (i) the 15% growth in sales volume, and (ii) the effect of the 17% weaker Real. Oxitenó's unit EBITDA reached US\$ 236/ton in 2012, in line with that of 2011. Ultracargo reached an EBITDA of R\$ 142.7 million in 2012, an increase of 22% over 2011, mainly due to the acquisition of Temmar, higher average storage, and the improved mix of handled products and contracts. In 2012, Ultracargo's EBITDA margin reached 49%, higher than the 45% margin of 2011. Ultragaz's EBITDA amounted to R\$ 245.7 million, 13% below that of 2011, mainly due to the effects of inflation on costs and expenses and higher expenses with marketing and sales campaigns, partially offset by costs and expenses reduction initiatives.

10.2 - Comments on:

a. Company's operating results, especially:

i. Description of major components of revenues

More than 90% of consolidated net revenues of Ultrapar is generated by the fuel and LPG distribution businesses. Therefore, the main components of these revenues come from diesel, gasoline and ethanol sales by Ipiranga and from LPG sales by Ultragaz. See "Item 10.2.c. effect of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the Company's operating results and financial results".

ii. Factors that materially affected operating results

See "Item 10.1.h. Main changes in each item of the financial statements – Main changes in consolidated income statement".

b. Changes in revenues attributable to changes in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

See "Item 10.1.h. Main changes in each item of the financial statements – Main changes in consolidated income statement" and See "Item 10.2.c. effect of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the Company's operating results and financial results".

c. Effect of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the Company's operating results and financial results

LPG business

Between 2003 and the end of 2007, LPG prices charged to LPG distributors in Brazil have been stable, despite increases in oil and LPG prices in the international markets, which were partially offset by the appreciation of the Real compared to the U.S. dollar, reducing the difference between LPG prices in Brazil and in the international markets. However, in 2008 Petrobras increased LPG refinery price for commercial and industrial usage by 15% in January, an additional 10% in April and 6% in July. In January 2010, Petrobras increased the LPG refinery price for commercial and industrial usage by 6%. The LPG refinery price for residential use remained unchanged since 2003. In the last few years, Petrobras' practice was not to immediately reflect volatility of international prices of oil and its derivatives in the Brazilian market. We cannot guarantee that this trend will continue. Any sharp increase in LPG prices charged to LPG distributors could have an impact on Ultragaz's results if it is unable to maintain its operational margins or sales volume.

LPG bulk sales are correlated to economic growth, thus an acceleration or deceleration in Brazilian GDP growth can affect our sales volume. As of December 31st, 2012, this segment represented approximately 30% of the volume sold by Ultragaz. Bottled LPG is an essential good and, therefore, it has a lower correlation with economic performance.

Chemical and petrochemical business

The specialty chemicals volume in the Brazilian market is correlated to economic growth and therefore an acceleration or deceleration in the Brazilian GDP growth can affect our sales volume, as Oxitenó's specialty chemicals sales in Brazil represented 59% of its total sales in 2013. By the end of 2008, Oxitenó completed certain capacity expansions that, together with the conclusion of the expansion of 70 thousand tons per year of the ethoxylation unit in Camaçari in 2010 and the conclusion in 2011 of the 90 thousand tons per year expansion of the ethylene oxide unit, also in Camaçari, allowed an increase in sales volumes, and resulted in an increase in exports sales and hence in the portion of its volume sold in outside Brazil. As the Brazilian market grows, Oxitenó aims at (i) increasing the volume sold in the domestic market once the logistics costs are usually lower than logistics cost of sales outside Brazil, and (ii) increasing the volume of specialties sold, products of higher value added than commodities. In 2013, sales of specialty chemicals represented 89% of the total volume sold by Oxitenó, above the share of 84% verified in 2012. In 2012, Oxitenó expanded its activities to the United States, through the acquisition of a specialty chemicals plant in Pasadena, Texas, with production capacity of 32,000 tons per year, and to Uruguay, through the acquisition of American Chemical, a specialty chemicals company, with production capacity of 81,000 tons per year. In 2013, Oxitenó invested in the expansion of its production capacity in Coatzacoalcos, in Mexico. In 2014, Oxitenó plans to invest in the expansion of its production capacity, mainly in the conclusion of the expansion in Coatzacoalcos, in Mexico, and in the potential expansion in Pasadena, in the United States. The expansion in Mexico is planned to be operational by 2014 and will add 30,000 tons per year of production capacity.

Almost all of Oxitenó's products prices and variable costs are linked to U.S. dollar. Therefore, a sharp appreciation or depreciation could have an impact on Oxitenó's contribution margin in the future. In 2012, the unstable international environment contributed to the 9% depreciation of the Real against the U.S. dollar. In 2013, Real depreciated 15% against the U.S. dollar. Considering the average exchange rate during the year, Real depreciated 10% against the U.S. dollar. From December 31st, 2013 to February 28th, 2014, the Brazilian Real was practically stable against the U.S. dollar. We cannot predict what will be the trend for the exchange rate in the future.

Oxitenó's main raw material is the ethylene, which is produced from naphtha in Brazil. Generally, naphtha prices in Brazil fluctuate with oil prices. In 2012, the oil price ended the year quoted at US\$ 110 per barrel, up 2% over 2011. In 2013, the oil price ended the year quoted at US\$ 111 per barrel, up 1% over 2011. From December 31st, 2013 to January 31st, 2014, oil prices decreased by 3%. We cannot predict whether oil and ethylene prices will keep this trend. A sharp variation in ethylene prices could have an impact on Oxitenó's results of operations if it is unable to maintain its operational margins.

The increase in demand for chemical and petrochemical products in Brazil during the last years and the ongoing integration of regional and world markets have contributed to the increasing integration of the Brazilian petrochemical industry into the international petrochemical marketplace. As a consequence, events affecting the petrochemical industry worldwide could have a material effect on our business and results of operations. The chemical industry performance worldwide was strongly affected by the world financial crisis in 2009, which caused the demand for chemical products to decrease in several countries. Due to the growth of the Brazilian chemicals market, Oxitenó faces tougher competition from certain foreign producers since 2009, including ethylene oxide and derivatives producers with access to natural-gas-based raw materials.

Fuel distribution business

In the recent past, the combined sales of gasoline, ethanol and natural gas in Brazil have been correlated to the growth of the light vehicle fleet. According to ANFAVEA, in 2013, the light vehicle fleet continued to grow at the same pace of previous years, influenced by greater availability of credit and income, and it is estimated to have grown by 7% over 2012, reaching about 37 million light vehicles. Additionally, we believe the current ratio of inhabitants per

vehicle in Brazil is still low when compared to the rate seen in countries with similar level of development. According to 2011 data released by ANFAVEA (the last available data), the penetration of light vehicles in Brazil is about 18% of total inhabitants, while in Argentina it is 27% and in Mexico it is 28%. Diesel sales, which in 2013 accounted for 54% of the volume sold by Ipiranga, have historically been correlated with Brazilian economic performance, particularly the agricultural and consumer goods segments.

In 2013, the Brazilian diesel market, according to ANP data, presented growth of 5% when compared to 2012. The increase in fuels consumption could have a positive effect on the future volume sold by the company and on its results, but we cannot guarantee that this trend will continue.

In the last few years, Petrobras' practice was not to immediately reflect the volatility of international prices of oil and its derivatives in the Brazilian market. We cannot guarantee that this trend will continue. In October 2011, the Brazilian government reduced the percentage of anhydrous ethanol mixed to gasoline from 25% to 20%, due to a shortage of ethanol production. To avoid the price increase of the gasoline to the end consumer, the government decided to reduce the CIDE tax from R\$ 230/m³ to R\$ 193/m³ at the same time. In November 2011, the government reduced again the CIDE tax of the gasoline A to R\$ 91/m³ and the diesel from R\$ 70/m³ to R\$ 47/m³. This reduction of the CIDE tax allowed Petrobras to increase gasoline and diesel prices by 10% and 2%, respectively, without affecting prices to the distributor. In June 2012, Petrobras increased gasoline and diesel prices by 3.9% and 7.8%, respectively, and the CIDE tax of both products was simultaneously reduced to zero, offsetting the effect of the increase in prices. In July 2012, Petrobras increased diesel price by 6.2%. Due to the Real depreciation and the prices of oil derivatives in the foreign market, (i) in January 2013, Petrobras increased gasoline and diesel prices by 6.6% and 5.4%, respectively; (ii) in March 2013, Petrobras announced a new adjustment in diesel price, of 4.9%; and (iii) in November 2013, Petrobras increased once more gasoline and diesel prices by 4.0% and 8.0%, respectively.

Effects of inflation over our operational costs and expenses

Ultrapar's operational costs and expenses are substantially in reais, thus are influenced by the general price levels in the Brazilian economy. In 2013, 2012 and 2011, the variation of IPCA (Consumer Prices Index), the index adopted by the Brazilian government to set inflation targets, was 5.9%, 5.8% and 6.5%, respectively. From December 31st, 2013 to January 31st, 2014, the variation of IPCA was 0.6%.

Financial Result

The main macroeconomic factors that influence the financial results of Ultrapar are the foreign exchange and interest rates.

Exchange rate

Most of the transactions of the Company 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 exposure to changes in exchange rates. The Company considers as its main currency exposures the assets and liabilities in foreign currency and the short-term flow of net sales in foreign currency of Oxitenó. Ultrapar and its subsidiaries 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 and net investments in foreign operations, 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 currencies are stated below, translated into Reais as of December 31st, 2013, 2012 and January 1st, 2012:

Assets and liabilities in foreign currency

Amounts in millions of Reais	12/31/2013	12/31/2012	01/01/2012
Assets in foreign currency			
Cash, cash equivalents and financial investments in foreign currency (except for hedging instrument)	457.2	363.7	303.8
Foreign trade accounts receivable, net of provision for loss	156.0	163.2	134.9
Advances to foreign suppliers, net of accounts payable from imports	443.4	300.4	115.3
	1,056.6	827.3	554.0
Liabilities in foreign currency			
Financing in foreign currency	(1,294.9)	(1,197.5)	(873.6)
Accounts payable arising from imports, net of advances to foreign suppliers	(45.3)	(21.5)	(2.8)
	(1,340.2)	(1,219.0)	(876.4)
Foreign currency hedging instruments	427.1	499.9	348.5
Net asset (liability) position — Total	143.5	108.2	26.1

Sensitivity analysis of assets and liabilities in foreign currency

The table below shows the effect of exchange rate changes in different scenarios, based on the net asset position of R\$ 143.5 million in foreign currency:

Amounts in millions of Reais		Scenario I	Scenario II	Scenario III
	Risk	10%	25%	50%
(1) Income effect	Real	(3.9)	(9.8)	(19.6)
(2) Equity effect	devaluation	18.2	45.6	91.3
(1) + (2)	Net effect	14.3	35.8	71.7
(1) Income effect	Real valuation	3.9	9.8	19.6
(2) Equity effect		(18.2)	(45.6)	(91.3)
(3) + (4)	Net Effect	(14.3)	(35.8)	(71.7)

Gains (losses) directly recognized in equity in cumulative translation adjustments are due to exchange rate variations on equity of foreign subsidiaries. See Note 22.

Interest Rate

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

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of December 31st, 2013, the Company and its subsidiaries had interest rate derivative financial instruments linked to domestic loans, swapping the fixed interest rate of certain debts to floating interest rate (CDI).

The table below shows the financial assets and liabilities exposed to floating interest rates as of December 31, 2013, December 31, 2012 and January 1st, 2012:

Amounts in millions of Reais	Note	12/31/2013	12/31/2012	01/01/2012
CDI				
Cash equivalents	4	2,051.1	1,912.2	1,643.0
Financial investments	4	747.3	641.0	541.3
Asset position of hedging instruments - CDI	22	112.3	21.1	24.5
Loans and debentures	14	(3,862.0)	(2,117.1)	(1,301.9)
Liability position of hedging instruments - CDI	22	(452.5)	(495.5)	(367.9)
Liability position of hedging instruments from pre-fixed interest to CDI	22	(854.6)	(1,796.7)	(2,152.5)
Net liability position in CDI		(2,258.4)	(1,835.0)	(1,613.5)
TJLP				
Loans –TJLP	14	(640.5)	(701.8)	(938.6)
Net liability position in TJLP		(640.5)	(701.8)	(938.6)
LIBOR				
Asset position of hedging instruments - LIBOR	22	329.7	286.0	111.8
Loans - LIBOR	14	(374.4)	(322.3)	(111.9)
Net liability position in LIBOR		(44.7)	(36.3)	(0.1)
TIIE				
Loans - TIIE	14	(31.2)	(25.3)	(28.5)
Net liability position in TIIE		(31.2)	(25.3)	(28.5)
Total net liability position		(2,974.8)	(2,598.4)	(2,580.7)

Sensitivity analysis of floating interest rate risk

The table below shows the incremental expenses and income that would be recognized in financial income as of December 31st, 2013, due the effect of floating interest rate changes in different scenarios:

Amounts in millions of Reais	Risk	Scenario I 10%	Scenario II 25%	Scenario III 50%
Exposure of interest rate risk				
Interest on cash equivalents and financial investments effect	Increase in CDI	18.9	47.2	94.5
Hedge instruments (assets in CDI) effect	Increase in CDI	0.2	0.4	0.8
Interest on debt effect	Increase in CDI	(26.1)	(65.4)	(130.7)
Hedge instruments (liability in CDI) effect	Increase in CDI	(12.4)	(31.3)	(62.4)
Incremental expenses		(19.4)	(49.1)	(97.8)

Interest on debt effect	Increase in TJLP	(3.4)	(8.4)	(16.8)
Incremental expenses		(3.4)	(8.4)	(16.8)
Hedge instruments (assets in LIBOR)				
effect	Increase in LIBOR	0.1	0.3	0.5
Interest on debt effect	Increase in LIBOR	(0.1)	(0.3)	(0.6)
Incremental expenses		-	-	(0.1)
Interest on debt effect	Increase in TIIE	(0.1)	(0.3)	(0.6)
Incremental expenses		(0.1)	(0.3)	(0.6)

10.3 - Comments on material effects that the events below have caused or are expected to cause on the Company's financial statements and results:

a. Introduction or disposal of operating segment

There was no relevant introduction or disposal of operating segment in the fiscal year 2013.

b. Establishment, acquisition or sale of ownership interest

There was no relevant establishment, acquisition or sale of ownership interest in the fiscal year 2013, that have caused or are expected to cause significant effects on the Company's financial statements.

c. Unusual events or transactions

Not applicable.

10.4 - Comments on:

a. Significant changes in accounting practices

All the financial information contained in Item 10 is presented the same accounting practices (IFRS), and reflect the changes resulting from standards that became effective on January 1st, 2013, as described below.

2013:

The following standards are effective on January 1st, 2013 and have impacted the Company's financial statements previously disclosed for December 31st, 2012 and 2011:

(1) adoption of IFRS 11 (CPC 19 (R2)) - Joint arrangements: the investments in RPR, Maxfácil Participações S.A. ("Maxfácil"), União Vopak Armazéns Gerais Ltda. ("União Vopak") and ConectCar Soluções de Mobilidade Eletrônica S.A. ("Conectcar") are no longer proportionally consolidated and are accounted for using the equity method.

(2) amendments to IAS 19 Revised (CPC 33 (R2))- Employee benefits: actuarial gains and losses are no longer recognized in the income statement and are recognized in shareholders' equity as accumulated other comprehensive income. Past service costs are recognized in retained earnings within shareholders' equity in the date of transition. From the date of transition, past service costs will be recognized in income statements when measured. Actuarial gains and losses relating to post-employment benefits, calculated based on a valuation conducted by an independent actuary, are recognized in shareholders' equity under caption "valuation adjustments". Actuarial gains and losses recorded in equity are not reclassified to profit or loss in subsequent periods.

The financial information included in this document relating to the balance sheets of 01/01/2011, 12/31/2012 and 12/31/2013 and the financial and cash flows statements for 2012 and 2013 derive from our consolidated financial statements, filed with the CVM on February 19th, 2014. For 2011, the information related to the financial and cash flow statements was restated in this document for the readers' convenience, prepared based on the financial statements previously reported and audited by our independent auditors, and changed by the adoptions of IFRS 11 and amendments to IAS 19 Revised. The information related to 2011 of the financial statements and cash flow statements were not audited by our independent auditors.

2012:

There were no significant changes in accounting practices for the fiscal year 2012.

2011:

There were no significant changes in accounting practices for the fiscal year 2011.

b. Significant effects of changes in accounting practices

The tables below provide the main effects from the adoption of the international accounting standards IFRS 11 (CPC 19 (R2)) - Joint arrangements and the amendments to IAS 19 Revised (CPC 33 (R2)) - Employee benefits on the balance sheets as of December 31st, 2012 and 2011 and on the financial statements as of December 31st, 2012 and 2011, previously reported by Ultrapar. Additional information on the changes derived from those effects is available in Note 2.w of Ultrapar's financial statements, filed with the CVM on February 19th, 2014.

Balance sheet

R\$ million	12/31/2012 presented	IFRS 11 effects	IAS 19 (R2011) effects	12/31/2012 restated
Current assets				
Cash and cash equivalents	2,050.1	(28.9)	-	2,021.1
Financial investments	962.1	(1.0)	-	961.2
Trade receivables, net	2,306.8	(0.3)	-	2,306.5
Inventories, net	1,299.8	(9.1)	-	1,290.7
Recoverable taxes, net	483.2	(5.2)	-	478.0
Dividends receivable	-	1.3	-	1.3
Other receivables	20.5	(0.1)	-	20.5
Prepaid expenses, net	54.0	(0.2)	-	53.8
Total current assets	7,176.6	(43.5)	-	7,133.0
Non-current assets				
Deferred income and social contribution taxes	465.2	(0.8)	5.0	469.3
Escrow deposits	534.0	(0.3)	-	533.7
Prepaid expenses, net	80.9	(1.2)	-	79.7
Investments in joint-ventures	-	28.2	-	28.2
Property, plant and equipment, net	4,701.4	(34.4)	-	4,667.0
Intangible assets, net	1,968.6	(3.3)	-	1,965.3
Other non-current assets	373.3	-	-	373.3
Total non-current assets	8,123.4	(11.8)	5.0	8,116.5
Total assets	15,299.9	(55.3)	5.0	15,249.6
Current liabilities				
Loans	1,573.5	(0.4)	-	1,573.0
Debentures	65.7	(12.7)	-	53.0
Trade payables	1,312.3	(14.5)	-	1,297.7
Salaries and related charges	254.6	(2.0)	-	252.5
Taxes payable	107.8	(0.1)	-	107.7
Dividends payable	222.4	(0.0)	-	222.4
Income and social contribution taxes payable	75.4	(0.1)	-	75.2
Post-employment benefits	11.6	(1.6)	-	10.0
Provision for tax, civil and labor risks	50.1			