ULTRAPAR HOLDINGS INC
Form 20-F
April 30, 2015
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As filed with the Securities and Exchange Commission on April 30, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark one)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-14950

ULTRAPAR PARTICIPAÇÕES S.A.

(Exact name of Registrant as specified in its charter)

ULTRAPAR HOLDINGS INC.

(Translation of Registrant s name into English)

The Federative Republic of Brazil

(Jurisdiction of incorporation or organization)

Av. Brigadeiro Luis Antônio, 1343, 9º Andar

São Paulo, SP, Brazil 01317-910

Telephone: 55 11 3177 6695

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Shares, without par value (represented by, and traded only in the form of, American Depositary Shares (evidenced by American Depositary Receipts), with each American Depositary Share representing one common share)	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares of each class as of December 31, 2014.

Title of Class	Number of Shares Outstanding
Common Stock	**556,405,096**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ¨ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¨ Yes x No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer x Accelerated Filer ¨ Non-accelerated Filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨ International Financial Reporting Standards as issued by the International Accounting Standards Board x other ¨

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

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INTRODUCTION

Ultrapar is a Brazilian Company with more than 75 years of history, with leading positions in the markets in which it operates: specialized distribution and retail through Ultragaz, Ipiranga and Extrafarma, production of specialty chemicals through Oxiteno and liquid bulk storage services through Ultracargo. Ultragaz is the leader in LPG distribution in Brazil with a 23% market share in 2014 and one of the largest independent LPG distributors in the world in terms of volume sold. We deliver LPG to an estimated 11 million households using our vehicle fleet and a network of approximately 4,900 independent retailers in the bottled segment and to approximately 48 thousand customers in the bulk segment. Ipiranga is the second largest fuel distributor in Brazil, with a network of 7,056 service stations and a 21% market share in 2014. Oxiteno is one of the largest producers of ethylene oxide and its main derivatives in Latin America, a major producer of specialty chemicals and the sole producer of fatty-alcohols and related by-products in Latin America. Oxiteno has eleven industrial units in Brazil, Mexico, the United States, Uruguay and Venezuela and commercial offices in Argentina, Belgium, China and Colombia. Ultracargo has a leading position in its sector, being the largest provider of storage for liquid bulk in Brazil, with seven terminals and a storage capacity of 824 thousand cubic meters as of December 31, 2014. Extrafarma is one of the leading drugstore chains in the North and Northeast of Brazil, with 223 drugstores and two distribution centers operating in December 2014. The Extrafarma Transaction closed on January 31, 2014 and, accordingly, Extrafarma s results of operations were consolidated into Ultrapar s results of operations as from February 1, 2014. See Item 4.A. Information on the Company History and Development of the Company Recent Developments Description of the Extrafarma Transaction.

References in this annual report to Ultrapar , we , our , us and the Company are to Ultrapar Participações S.A. and consolidated subsidiaries (unless the context otherwise requires). In addition, all references in this annual report to:

ABTL are to *Associação Brasileira de Terminais de Líquidos*, the Brazilian association of liquid bulk terminal operators;

ABIHPEC are to Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos, the Brazilian association of personal care products;

ABIQUIM are to *Associação Brasileira da Indústria Química*, the Brazilian association of chemical industries;

ABRAFARMA are to *Associação Brasileira de Redes de Farmácias e Drogarias*, the Brazilian association of pharmacy and drugstore chains;

ADRs are to the American Depositary Receipts evidencing our ADSs;

ADSs are to our American Depositary Shares, each representing (i) one common share, with respect to any period on or after August 17, 2011; or (ii) one non-voting preferred share, with respect to any period prior to August 17, 2011;

am/pm are to Ipiranga s convenience stores franchise network that operate under the brand am/pm, managed by am/pm Comestíveis Ltda. and Conveniência Ipiranga Norte Ltda.;

American Chemical are to American Chemical I.C.S.A., a company that was acquired by Oxiteno in November 2012, currently Oxiteno Uruguay;

ANFAVEA are to *Associação Nacional dos Fabricantes de Veículos Automotores*, the Brazilian association of vehicle producers;

ANP are to the *Agência Nacional de Petróleo, Gás Natural e Biocombustíveis*, the Brazilian oil, natural gas and biofuels regulatory agency;

ANVISA are to the *Agência Nacional de Vigilância Sanitária*, the Brazilian health surveillance agency;

Arch Andina are to Arch Química Andina, C.A., a company that was acquired by Oxiteno in September 2007, currently Oxiteno Andina;

Aqces are to Aqces Logística Internacional Ltda.;

BM&FBOVESPA are to the BM&FBOVESPA S.A. Bolsa de Valores, Mercadorias e Futuros, the São Paulo Stock Exchange;

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Braskem are to Braskem S.A. and Quattor Participações S.A. (Quattor), acquired by Braskem in April 2010;

Brazilian Corporate Law are to Law No. 6,404 enacted in December 1976, as amended by Law No. 9,457 enacted in May 1997, by Law No. 10,303 enacted in October 2001, by Law No. 11,638 enacted in December 2007, by Law No. 11,941 enacted in May 2009, and by Law No. 12,431 enacted in June 2011;

Brazilian government are to the federal government of the Federative Republic of Brazil;

Canamex are to the chemical business formerly owned by the Berci Group, a company that was acquired by Oxiteno in December 2003, currently Oxiteno Mexico;

CBPI are to Companhia Brasileira de Petróleo Ipiranga, a company that was merged into IPP in November 2009;

CBL are to Chevron Brasil Ltda. (currently IPP), a former subsidiary of Chevron that, together with Galena, held Texaco;

CDI are to the Brazilian money market interest rate *(Certificados de Depósito Interbancário)*;

Central Bank are to the *Banco Central do Brasil*, the Brazilian central bank;

Chevron are to Chevron Latin America Marketing LLC and Chevron Amazonas LLC;

Cia Ultragaz are to Companhia Ultragaz S.A.;

ConectCar are to ConectCar Soluções de Mobilidade Eletrônica S.A., a joint venture formed by Ipiranga and Odebrecht TransPort S.A. in November 2012;

Conversion are to the conversion of all preferred shares issued by the company into common shares, at a ratio of 1 (one) preferred share for 1 (one) common share, as approved at the extraordinary general shareholders meeting and the special preferred shareholders meeting, both held on June 28, 2011;

CVM are to *Comissão de Valores Mobiliários*, the Securities and Exchange Commission of Brazil;

ICVM 527/12 are to CVM Instruction No. 527/12, issued by CVM on October 4, 2012, which governs the voluntary disclosure by listed companies in Brazil of EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT Earnings Before Interest and Taxes, for the results disclosed from January 1, 2013 onwards;

Deposit Agreement are to the Deposit Agreement between Ultrapar Participações S.A. and the Bank of New York Mellon, dated September 16, 1999, and all subsequent amendments thereto;

DNP are to Distribuidora Nacional de Petróleo Ltda., a company that was acquired by Ipiranga in October 2010;

DPPI are to Distribuidora de Produtos de Petróleo Ipiranga S.A., a company that was merged into CBPI in December 2008;

EMCA are to Empresa Carioca de Produtos Químicos S.A.;

Extrafarma are to Imifarma Produtos Farmacêuticos e Cosméticos S.A.;

Extrafarma Transaction are to the merger of Extrafarma with Ultrapar on January 31, 2014, as described in Item 4.A. Information on the Company History and Development of the Company Recent Developments Description of the Extrafarma Transaction.

FGTS are to *Fundo de Garantia do Tempo de Serviço,* the Brazilian government severance indemnity fund;

Galena are to Sociedade Anônima de Óleo Galena Signal, a former subsidiary of Chevron that, together with CBL, held Texaco;

IAS are to International Accounting Standard;

IFRS are to International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB);

IGP-M are to General Index of Market Prices of Brazilian inflation, calculated by the Getulio Vargas Foundation;

IMS Health are to IMS Health Holdings, Inc.;

Ipiranga are to Ultrapar s subsidiaries that operate in the fuel distribution business and related activities;

Ipiranga Group are to RPR, DPPI, CBPI, Ipiranga Química S.A. (IQ), Ipiranga Petroquímica S.A. (IPQ), Companhia Petroquímica do Sul S.A. (Copesul) and their respective subsidiaries prior to their sale to Ultrapar, Petrobras and Braskem;

Ipiranga Group SPA are to the Share Purchase Agreement entered into and among Ultrapar, with the consent of Petrobras and Braskem, and the Key Shareholders on March 18, 2007;

Ipiranga Group Transaction Agreements are to agreements related to the acquisition of Ipiranga Group by Ultrapar, Petrobras and Braskem. Each Ipiranga Group Transaction Agreement is incorporated by reference to Exhibits 2.5, 2.6, 2.7, 4.4, 4.5, 4.6 and 4.7 to Form 20-F of Ultrapar Participações S.A. filed on June 7, 2007;

IPP are to Ipiranga Produtos de Petróleo S.A., formerly CBL;

Key Shareholders are to Ipiranga Group s former controlling shareholders prior to the closing of the Ipiranga Group SPA;

Latin America are to countries in America other than the United States and Canada;

LPG are to liquefied petroleum gas;

LPG International are to LPG International Inc.;

Maxfácil are to Maxfácil Participações S.A., a company that was split between the partners in proportion to their shareholdings and subsequently merged by each partner in November 2012;

NYSE are to the New York Stock Exchange;

Northern Distribution Business are to former CBPI s fuel and lubricant distribution businesses located in the North, Northeast and Midwest regions of Brazil;

Novo Mercado are to *Novo Mercado* listing segment of BM&FBOVESPA;

Oleoquímica are to Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.;

Oxiteno Andina are to the business of Oxiteno carried out in Venezuela;

Oxiteno Mexico are to the business of Oxiteno carried out in Mexico;

Oxiteno Nordeste are to Oxiteno Nordeste S.A. Indústria e Comércio;

Oxiteno Overseas are to Oxiteno Overseas Co.;

Oxiteno USA are to the business of Oxiteno carried out in the United States;

Oxiteno are to Oxiteno S.A. Indústria e Comércio, our wholly owned subsidiary and its subsidiaries that produce ethylene oxide and its principal derivatives, fatty alcohols and other specialty chemicals;

Petrobras are to Petrobras Petróleo Brasileiro S.A.;

Petrochemical Business are to IQ, IPQ and IPQ s stake in Copesul;

PFIC are to Passive Foreign Investment Company;

Real , *Reais* or R$ are to Brazilian *Reais*, the official currency of Brazil;

Repsol are to Repsol Gás Brasil S.A., a company that was acquired by Ultragaz in October 2011;

RPR are to Refinaria de Petróleo Riograndense S.A. (formerly Refinaria de Petróleo Ipiranga S.A.), a joint venture owned by Petrobras, Braskem and Ultrapar;

SBP are to Sociedade Brasileira de Participações Ltda., a company that was merged into IPP in August 2009;

SEC are to the U.S. Securities and Exchange Commission;

Securities Act are to the U.S. Securities Act of 1933, as amended;

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Serma are to *Associação dos Usuários de Equipamentos de Processamento de Dados e Serviços Correlatos*, our wholly owned company, responsible for providing IT services to Ultrapar;

Share Exchange are to the exchanges of RPR s, DPPI s and CBPI s preferred shares and any remaining common shares for Ultrapar s preferred shares in connection with the acquisition of Ipiranga Group;

Sindigás are to the Brazilian association of LPG distributors;

Sindicom are to the Brazilian association of fuel distributors;

Sindusfarma are to *Sindicato da Indústria de Produtos Farmacêuticos no Estado de São Paulo*, the Brazilian association of the industry of pharmaceutical products in the state of São Paulo;

Southern Distribution Business are to Ipiranga Group s fuel and lubricant distribution businesses located in the South and Southeast regions of Brazil and their related activities;

STF are to *Supremo Tribunal Federal*, the Brazilian Supreme Federal Court;

Temmar are to Terminal Marítimo do Maranhão S.A., a company that was acquired by Ultracargo in August 2012;

Tequimar are to Terminal Químico de Aratu S.A., Ultrapar s subsidiary that operates in the liquid bulk storage segment;

Texaco are to the Texaco-branded fuels marketing business in Brazil, previously carried-out by CBL and Galena, companies that were acquired by Ipiranga in March 2009;

Tropical are to Tropical Transportes Ipiranga Ltda.;

TRR are to Retail Wholesale Resellers, specialized resellers in the fuel distribution;

Ultra S.A. are to Ultra S.A. Participações, a holding company owned by members of the founding family and senior management of Ultrapar.Ultra S.A. is the largest shareholder of Ultrapar, holding 22% of its total capital stock. Prior to the Conversion, Ultra S.A. owned 66% of the voting capital of Ultrapar;

Ultracargo are to Ultracargo Operações Logísticas e Participações Ltda., our wholly owned subsidiary and its subsidiaries that provide storage, handling and logistics services for liquid bulk cargo;

Ultragaz are to Ultrapar s subsidiaries that operate in the distribution of LPG;

União Terminais are to União Terminais e Armazéns Gerais Ltda., a company that was merged into Tequimar in December 2008;

União Vopak are to União Vopak Armazéns Gerais Ltda., a joint venture in which Ultracargo has a 50% stake;

Unipar are to União das Indústrias Petroquímicas S.A.;

U.S. Holder has the meaning given in Item 10. Additional Information E. Taxation U.S. Federal Income Tax Considerations ;

US$, dollar , dollars or U.S. dollars are to the United States dollar; and

2014 Ultra S.A. Shareholders Agreement has the meaning given in Item 4.A. Information on the Company History and Development of the Company , Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders and Item 10. Additional Information Material Contracts .

Unless otherwise specified, data related to (i) the Brazilian petrochemical industry included in this annual report were obtained from ABIQUIM, (ii) the LPG business were obtained from Sindigás and ANP, (iii) the fuel distribution business were obtained from Sindicom and ANP, (iv) the liquid bulk storage industry were obtained from ABTL, and (v) the retail pharmacy business were obtained from ABRAFARMA, IMS Health, ABIHPEC and Sindusfarma.

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PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated financial statements included in Item 18 were prepared in accordance with IFRS and include our consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated income statements, statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014, 2013 and 2012, as well as notes thereto.

The financial information presented in this annual report should be read in conjunction with our consolidated financial statements.

On January 31, 2014, Ultrapar acquired Extrafarma, one of Brazil s top ten drugstore chains, marking our entry in the retail pharmacy business. The results of operations of the business acquired were consolidated into Ultrapar s financial statements as from February 1, 2014. Ultrapar s financial statements as of and for the periods prior to February 1, 2014 do not reflect any financial information of the acquired businesses. Accordingly, unless otherwise stated, all financial and operational information for Extrafarma presented in this annual report relates to and refers to the 11-month period from February 1, 2014 to December 31, 2014 only. See Item 4.A. Information on the Company History and Development of the Company Description of the Acquisition of Extrafarma.

On April 17, 2015 the exchange rate for *Reais* into U.S. dollars was R$3.054 to US$1.00, based on the commercial selling rate as reported by the Central Bank. The commercial selling rate was R$2.656 to US$1.00 on December 31, 2014, and R$2.343 to US$1.00 on December 31, 2013. The *Real*/dollar exchange rate fluctuates widely, and the current commercial selling rate may not be indicative of future exchange rates. See Item 3.A. Key Information Selected Consolidated Financial Data Exchange Rates for information regarding exchange rates for the Brazilian currency. Solely for the convenience of the reader, we have translated some amounts included in Item 3.A. Key Information Selected Consolidated Financial Information and elsewhere in this annual report from *Reais* into U.S. dollars using the commercial selling rate as reported by the Central Bank at December 31, 2014 of R$2.656 to US$1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. Such translations should not be construed as representations that the *Real* amounts represent or have been or could be converted into U.S. dollars as of that or any other date. The *Real*/dollar exchange rate has presented significant volatility since December 31, 2014 and as of the date of this annual report is considered materially different from the rate used to perform the translations throughout this document.

Segment information for our businesses is presented on an unconsolidated basis. Consequently, intercompany transactions have not been eliminated in segment information, and such information may differ from consolidated financial information provided elsewhere in this annual report. See Item 7.B. Major Shareholders and Related Party Transactions Related Party Transactions for more information on intercompany transactions.

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Market share and economic information

All market share information, unless otherwise specified, related to (i) the LPG business was obtained from ANP, (ii) the fuel distribution business was obtained from Sindicom and ANP, (iii) the liquid bulk storage industry was obtained from ABTL and (iv) the retail pharmacy business was obtained from ABRAFARMA. Unless otherwise specified, all macroeconomic data are obtained from the *Instituto Brasileiro de Geografia e Estatística* IBGE, *Fundação Getulio Vargas* FGV and the Central Bank. Although we do not have any reason to believe any of this information is inaccurate in any material respect, we have not independently verified any such information.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act subject to risks and uncertainties, including our estimates, plans, forecasts and expectations regarding future events, strategies and projections. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or revise any forward-looking statements after we distribute this annual report because of new information, future events and other factors. Words such as believe , expect , may , will , plan , strategy , p foresee , estimate , project , anticipate , can , intend and similar words are intended to identify forward-looking statements. We have made forward-looking statements with respect to, among other things, our:

- strategy for marketing and operational expansion;
- capital expenditures forecasts; and
- development of additional sources of revenue.

The risks and uncertainties described above include, but are not limited to:

- the effect of the global economic situation on the Brazilian and Latin American economic condition;
- general economic and business conditions, including the price of crude oil and other commodities, refining margins and prevailing foreign exchange rates;
- competition;
- ability to produce and deliver products on a timely basis;
- ability to anticipate trends in the LPG, fuels, chemicals, logistics and retail pharmacy industries, including changes in capacity and industry price movements;
- changes in official regulations;
- receipt of official authorizations and licenses;
- political, economic and social events in Brazil;

access to sources of financing and our level of indebtedness;

ability to integrate acquisitions;

regulatory issues relating to acquisitions;

instability and volatility in the financial markets;

availability of tax benefits; and

other factors contained in this 20-F under Item 3.D. Key Information Risk Factors.

Forward-looking statements involve risks and uncertainties and are not a guarantee of future results. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this annual report might not occur and our future results may differ materially from those expressed in or suggested by these forward-looking statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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ITEM 3. KEY INFORMATION

A. Selected Consolidated Financial Data

We have selected the following consolidated financial data from our audited consolidated financial statements, for the periods indicated. You should read our selected consolidated financial data in conjunction with Item 5. Operating and Financial Review and Prospects and our audited consolidated financial statements and notes thereto included in this annual report. Our consolidated financial statements are prepared in *Reais* in accordance with IFRS. The consolidated balance sheets as of and for the years ended December 31, 2014 and 2013 and the consolidated income statements and cash flows as of and for the years ended December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements included in this annual report. See Presentation of Financial Information and Item 5.A. Operating and Financial Review and Prospects Operating Results Critical accounting policies. The following table presents our selected financial information in accordance with IFRS at the dates and for each of the periods indicated.

	Years Ended December 31					
	2014[1]	**2014**	**2013**	**2012**	**2011**	**2010**
	(in millions, except per share data)					
Income statements data:	**US$**	**R$**	**R$**	**R$**	**R$**	**R$**
Net revenue from sales and services	**25,501.2**	**67,736.3**	**60,940.2**	**53,868.9**	**48,628.7**	**42,469.7**
Cost of products and services sold	(23,456.3)	(62,304.6)	(56,165.4)	(49,768.1)	(45,124.3)	(39,348.4)
Gross profit	**2,044.9**	**5,431.7**	**4,774.9**	**4,100.8**	**3,504.4**	**3,121.3**
Operating income (expenses)						
Selling and marketing	(812.7)	(2,158.7)	(1,756.4)	(1,579.6)	(1,348.6)	(1,162.1)
General and administrative	(425.5)	(1,130.3)	(1,012.3)	(891.1)	(773.7)	(760.4)
Gain on disposal of property, plant and equipment and intangibles	13.9	37.0	40.3	3.7	21.4	78.7
Other operating income, net	40.3	106.9	97.6	74.1	52.2	10.8
Operating income before financial income (expenses) and share of profit of joint ventures and associates	**860.9**	**2,286.6**	**2,144.0**	**1,707.9**	**1,455.7**	**1,288.3**
Financial income	137.8	366.0	240.6	208.2	309.1	256.0
Financial expenses	(305.5)	(811.4)	(578.2)	(478.5)	(616.6)	(527.4)
Share of profit (loss) of joint ventures and associates	(6.2)	(16.5)	(5.0)	10.5	13.9	28.0
Income before income and social contribution taxes	**687.0**	**1,824.7**	**1,801.4**	**1,448.0**	**1,162.0**	**1,044.8**
Income and social contribution taxes						
Current	(231.6)	(615.1)	(534.5)	(356.3)	(238.6)	(181.8)
Deferred	(8.2)	(21.7)	(91.0)	(108.4)	(91.3)	(132.5)
Taxes incentives SUDENE	23.9	63.4	52.8	43.4	28.2	30.7

	(215.9)	**(573.5)**	**(572.7)**	**(421.3)**	**(301.7)**	**(283.6)**
Net income for the year	**471.1**	**1,251.2**	**1,228.7**	**1,026.8**	**860.3**	**761.2**
Net income for the year attributable to:						
Shareholders of the Company	467.5	1,241.6	1,225.1	1,019.9	854.3	761.3
Non-controlling interests in subsidiaries	3.6	9.7	3.6	6.9	6.0	(0.1)
Earnings per share[(2)]						
Basic	0.86	2.28	2.29	1.91	1.60	1.43
Diluted	0.85	2.26	2.28	1.90	1.59	1.42
Dividends per share[(3)]	0.53	1.42	1.37	1.17	0.98	0.80
Other financial data						
Cash flows from operating activities[(4)]	997.9	2,650.7	2,120.7	2,443.7	1,673.7	1,487.6
Cash flows from investing activities[(4)]	(579.9)	(1,540.2)	(1,287.9)	(1,565.0)	(1,445.2)	(887.1)
Cash flows from financing activities[(4)]	(203.1)	(539.3)	(578.9)	(622.7)	(1,093.7)	166.6
Depreciation and amortization[(5)]	334.2	887.8	778.9	693.1	578.0	528.2
EBITDA[(6)]	**1,188.9**	**3,157.9**	**2,918.0**	**2,411.4**	**2,047.5**	**1,844.5**
Net debt[(7)]	(1,496.5)	(3,975.1)	(3,425.9)	(3,084.0)	(2,882.8)	(2,254.9)
Number of common shares (in thousands)[(8)]	556,405.1	556,405.1	544,384.0	544,384.0	544,384.0	197,719.6
Number of preferred shares (in thousands)[(8)]						346,664.4

(1) The figures in *Reais* for December 31, 2014 have been converted into U.S. dollars using the exchange rate of US$1.00 = R$2.656, which is the commercial rate reported by the Central Bank on that date. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this annual report as a statement that the amounts in *Reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *Reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates. See Item 3.A. Key Information Selected Consolidated Financial Data Exchange Rates.

(2) Earnings per share are calculated based on the net income attributable to Ultrapar s shareholders and the weighted average shares outstanding during each of the years presented. Earnings per share for 2010 and 2011 have been retroactively adjusted for the 1:4 stock split approved in the extraordinary general shareholders meeting held on February 10, 2011 described under Item 4.A. Information on the Company History and Development of the Company.

(3) See Item 8.A. Financial Information Consolidated Statements and Other Financial Information Dividends and Distribution Policy for information regarding declaration and payment of dividends. Dividends per share for 2010 were retroactively adjusted for the 1:4 stock split approved in the extraordinary general shareholders meeting held on February 10, 2011 described under Item 4.A. Information on the Company History and Development of the

Company.

(4) Cash flows information has been prepared in accordance with IFRS for all periods presented.

(5) Represents depreciation and amortization expenses included in cost of products and services sold and in selling, marketing, general and administrative expenses.

(6) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is presented in this document in accordance with ICVM 527/12 and represents our net income before (i) income and social contribution taxes, (ii) net financial expense (income) and (iii) depreciation and amortization. The purpose of including EBITDA information is to provide a measure used by management for internal assessment of our operating results, and because a portion of our employee profit sharing plan is linked directly or indirectly to EBITDA performance. It is also a financial indicator widely used by investors and analysts to measure our ability to generate cash from operations and our operating performance. We also calculate EBITDA in connection with covenants related to some of our financing, as described in Note 14 to our consolidated financial statements. We believe EBITDA allows a better understanding not only of our financial performance but also of our capacity of meeting the payment of interest and principal from our debt and of obtaining resources for our investments and working capital. Our definition of EBITDA may differ from, and, therefore, may not be comparable with similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because EBITDA excludes net financial expense (income), income and social contribution taxes and depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or changes in income and social contribution taxes, depreciation and amortization. EBITDA is not a measure of financial performance under IFRS, and it 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 expense (income), income and social contribution taxes, depreciation and amortization. The tables below provide a reconciliation of net income and operating income to EBITDA for Ultrapar and a reconciliation of operating income to EBITDA for Ultragaz, Ipiranga, Oxiteno and Ultracargo for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, and the reconciliation of operating income to EBITDA for Extrafarma for 2014, related to the period from February 1 to December 31, 2014:

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	Ultrapar Reconciliation of net income to EBITDA Years ended December 31				
	2014	2013	2012	2011	2010
	(in millions of *Reais*)				
Net income	1,251.2	1,228.7	1,026.8	860.3	761.2
Depreciation and amortization	887.8	778.9	693.1	578.0	528.2
Net financial expenses	445.4	337.6	270.3	307.6	271.5
Income and social contribution taxes	573.5	572.7	421.3	301.7	283.6
EBITDA(6)	**3,157.9**	**2,918.0**	**2,411.4**	**2,047.5**	**1,844.5**

	Ultrapar Reconciliation of operating income to EBITDA Years ended December 31				
	2014	2013	2012	2011	2010
	(in millions of *Reais*)				
Operating income before financial income (expenses) and share of profit (loss) of joint-ventures and associates	2,286.6	2,144.0	1,707.9	1,455.7	1,288.3
Depreciation and amortization	887.8	778.9	693.1	578.0	528.2
Share of profit (loss) of joint-ventures and associates	(16.5)	(5.0)	10.5	13.9	28.0
EBITDA(6)	**3,157.9**	**2,918.0**	**2,411.4**	**2,047.5**	**1,844.5**

	Ultragaz Reconciliation of operating income to EBITDA Years ended December 31				
	2014	2013	2012	2011	2010
	(in millions of *Reais*)				
Operating income before financial income (expenses) and share of profit (loss) of associates	169.0	147.0	114.3	163.4	181.2
Depreciation and amortization	136.4	133.5	131.4	117.5	118.8
Share of profit (loss) of associates	0.2	0.0	0.0	0.0	(0.0)
EBITDA(6)	**305.5**	**280.5**	**245.7**	**280.9**	**300.0**

	Oxiteno Reconciliation of operating income to EBITDA Years ended December 31				
	2014	2013	2012	2011	2010
	(in millions of *Reais*)				
	264.2	308.6	228.8	156.0	114.1

Operating income before financial income (expenses) and share of profit (loss) of associates					
Depreciation and amortization	138.5	131.9	123.1	106.3	104.1
Share of profit (loss) of associates	1.0	0.1	(0.1)	0.0	(0.0)
EBITDA(6)	**403.7**	**440.6**	**351.8**	**262.3**	**218.3**

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	Ultracargo Reconciliation of operating income to EBITDA Years ended December 31				
	2014	**2013**	**2012**	**2011**	**2010**
	(in millions of *Reais*)				
Operating income before financial income (expenses) and share of profit of joint-ventures and associates	117.3	108.9	105.5	87.4	114.8
Depreciation and amortization	49.4	47.3	36.6	28.2	27.9
Share of profit of joint-ventures and associates	0.2	1.3	0.6	1.2	0.7
EBITDA(6)	**166.9**	**157.5**	**142.7**	**116.8**	**143.4**

	Ipiranga Reconciliation of operating income to EBITDA Years ended December 31				
	2014	**2013**	**2012**	**2011**	**2010**
	(in millions of *Reais*)				
Operating income before financial income (expenses) and share of profit of joint-ventures and associates	1,758.1	1,574.7	1,254.4	1,042.4	870.5
Depreciation and amortization	529.0	454.2	390.7	316.2	269.1
Share of profit of joint-ventures and associates	1.0	0.8	7.4	7.9	8.0
EBITDA(6)	**2,288.0**	**2,029.6**	**1,652.6**	**1,366.4**	**1,147.6**

	Extrafarma Reconciliation of operating income to EBITDA Years ended December 31				
	2014(9)	**2013**	**2012**	**2011**	**2010**
	(in millions of *Reais*)				
Operating income before financial income (expenses)	16.9				
Depreciation and amortization	12.8				
Share of profit of joint-ventures and associates					
EBITDA(6)	**29.8**				

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The reconciliation of EBITDA to cash flows from operating activities for the years ending December 31, 2014, 2013, 2012, 2011 and 2010 is presented in the table below:

	2014	2013	2012	2011	2010
			(in millions of *Reais*)		
Net income for the year	**1,251.2**	**1,228.7**	**1,026.8**	**860.3**	**761.2**
Adjustments to reconcile net income to EBITDA:					
Depreciation and amortization	887.8	778.9	693.1	578.0	528.2
Net financial expenses	445.4	337.6	270.3	307.6	271.5
Income and social contribution taxes	573.5	572.7	421.3	301.7	283.6
EBITDA(6)	**3,157.9**	**2,918.0**	**2,411.4**	**2,047.5**	**1,844.5**
Adjustments to reconcile EBITDA to cash provided by operating activities:					
Financial result that affected the cash flow from operating activities	519.4	274.5	345.2	424.4	140.4
Current income and social contribution taxes	(615.1)	(534.5)	(356.3)	(238.6)	(181.8)
Tax incentives (income and social contribution taxes)	63.4	52.8	43.4	28.2	30.7
PIS and COFINS credits on depreciation	12.7	12.4	11.6	10.1	9.5
Assets retirement obligation	(4.0)	(5.4)	(2.5)	(3.0)	(5.8)
Others	(14.5)	(31.1)	(2.9)	(20.3)	(97.3)
(Increase) decrease in current assets					
Trade receivables	(212.3)	(8.4)	(247.8)	(316.0)	(92.4)
Inventories	(184.3)	(298.9)	48.5	(180.2)	(137.0)
Recoverable taxes	(106.8)	(2.0)	(4.5)	(117.4)	(36.8)
Other receivables	(8.2)	1.1	1.3	(2.7)	6.4
Prepaid expenses	8.1	(11.4)	(10.6)	(4.8)	(8.3)
Increase (decrease) in current liabilities					
Trade payables	192.1	(328.8)	198.3	153.2	38.6
Salaries and related charges	(19.6)	45.1	(18.4)	38.6	54.2
Taxes payable	19.1	8.6	(2.5)	(42.1)	36.5
Income and social contribution taxes	437.1	350.8	208.2	93.1	96.0
Post-employment benefits	(0.5)	1.9	(1.7)	1.9	(0.6)
Provision for tax, civil and labor risks	(5.1)	19.8	8.5	1.7	16.6
Other payables	(21.0)	36.6	(0.2)	26.2	(19.2)
Deferred revenue	0.6	(0.3)	(1.7)	5.2	2.8
(Increase) decrease in non-current assets					
Trade receivables	(19.3)	13.0	(19.6)	(21.0)	(11.2)
Recoverable taxes	(38.0)	11.7	32.3	(26.4)	(1.0)
Escrow deposits	(80.6)	(81.2)	(64.5)	(88.7)	(72.3)
Other receivables	0.8	2.2	(9.7)	(0.6)	0.8
Prepaid expenses	0.5	(18.2)	1.5	(27.9)	7.3
Increase (decrease) in non-current liabilities					
Post-employment benefits	9.5	8.3	8.8	(4.8)	9.1
Provision for tax, civil and labor risks	(12.0)	18.8	38.6	41.7	(107.6)

Other payables	(10.8)	(21.8)	(3.1)	25.0	25.5
Deferred revenue	(1.4)	(0.7)	1.1	2.8	0.6
Income and social contribution taxes paid	(416.6)	(312.1)	(169.1)	(131.5)	(60.5)
Net cash provided by operating activities	**2,650.7**	**2,120.7**	**2.443.7**	**1,673.7**	**1,487.6**

(7) Net debt is included in this document in order to provide the reader with information relating to our overall indebtedness and financial position. Net debt is not a measure of financial performance or liquidity under IFRS. In managing our businesses we rely on net debt as a means of assessing our financial condition. We believe that this type of measurement is useful for comparing our financial condition from period to period and making related management decisions. Net debt is also used in connection with covenants related to some of our financings. The table below provides a reconciliation of our consolidated balance sheet data to the net debt positions shown in the table, as of December 31, 2014, 2013, 2012, 2011 and 2010:

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	Ultrapar Reconciliation of consolidated balance sheets to net debt As of December 31				
	2014	**2013**	**2012**	**2011**	**2010**
	(in millions of *Reais*)				
Cash and cash equivalents	2,827.4	2,276.1	2,021.1	1,765.5	2,630.0
Current financial investments	1,441.8	1,149.1	961.2	819.3	464.3
Non-current financial investments	130.9	118.5	149.5	74.4	19.8
Current loans and finance leases	(2,557.5)	(1,769.6)	(1,575.0)	(1,302.5)	(802.9)
Current debentures	(884.9)	(60.4)	(53.0)	(1,002.5)	(2.7)
Non-current loans and finance leases	(3,533.9)	(3,740.6)	(3,192.6)	(3,237.1)	(3,370.0)
Non-current debentures	(1,399.0)	(1,399.0)	(1,395.3)		(1,193.4)
Net debt position	(3,975.1)	(3,425.9)	(3,084.0)	(2,882.8)	(2,254.9)

(8) The number of shares corresponds to the totality of shares issued by the Company, including those held in treasury. The number of shares for the years ended December 31, 2010 and 2011 were retroactively adjusted for the 1:4 stock split approved in the extraordinary general shareholders meeting held on February 10, 2011 described under Item 4.A. Information on the Company History and Development of the Company.

(9) Reflects results of operations for the 11-month period from February 1, 2014, the date on which Extrafarma s results of operations were consolidated into our financial statements, through December 31, 2014. For additional information, see Presentation of Financial Information.

The following tables present our consolidated balance sheet in accordance with IFRS as of the dates indicated.

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	As of December 31					
	2014[(1)]	2014	2013	2012	2011	2010
	(in millions)					
Consolidated balance sheets data:	**US$**	**R$**	**R$**	**R$**	**R$**	**R$**
Current assets						
Cash and cash equivalents	1,064.4	2,827.4	2,276.1	2,021.1	1,765.5	2,630.0
Financial investments	542.8	1,441.8	1,149.1	961.2	819.3	464.3
Trade receivables, net	980.4	2,604.1	2,321.5	2,306.5	2,023.4	1,705.8
Inventories, net	724.7	1,925.0	1,592.5	1,290.7	1,303.5	1,111.0
Recoverable taxes, net	223.4	593.5	480.0	478.0	466.5	348.0
Other receivables	16.3	43.3	19.4	20.5	20.2	17.0
Prepaid expenses, net	25.3	67.3	65.2	53.8	39.9	35.1
Total current assets	**3,577.3**	**9,502.4**	**7,903.9**	**7,133.0**	**6,438.4**	**6,311.8**
Non-current assets						
Financial investments	49.3	130.9	118.5	149.5	74.4	19.8
Trade receivables, net	54.1	143.8	124.5	137.4	117.7	96.7
Related parties	4.1	10.9	10.9	10.9	10.1	10.1
Deferred income and social contribution taxes	174.1	462.6	376.1	469.3	511.0	570.3
Recoverable taxes, net	28.4	75.4	37.4	49.1	81.4	54.8
Escrow deposits	262.3	696.8	614.9	533.7	469.2	380.5
Other receivables	2.2	5.8	6.6	11.0	1.3	0.7
Prepaid expenses, net	49.4	131.2	97.8	79.7	67.9	40.0
	623.9	1,657.5	1,386.7	1,440.5	1,333.0	1,172.8
Investments						
In joint-ventures	20.5	54.5	44.4	28.2	120.8	117.3
In associates	4.9	13.1	11.7	12.7	12.6	12.6
Other	1.1	2.8	2.8	2.8	2.8	2.8
Property, plant and equipment, net	1,917.0	5,092.0	4,860.2	4,667.0	4,250.9	3,981.3
Intangible assets, net	1,189.0	3,158.1	2,168.8	1,965.3	1,539.1	1,345.6
	3,132.5	8,320.5	7,087.9	6,676.0	5,926.2	5,459.6
Total non- current assets	**3,756.4**	**9,978.0**	**8,474.6**	**8,116.5**	**7,259.3**	**6,632.4**
TOTAL ASSETS	**7,333.7**	**19,480.4**	**16,378.5**	**15,249.6**	**13,697.7**	**12,944.1**
Current liabilities						
Loans	961.8	2,554.7	1,767.8	1,573.0	1,300.3	798.6
Debentures	333.1	884.9	60.4	53.0	1,002.5	2.7
Finance leases	1.0	2.7	1.8	2.0	2.2	4.3
Trade payables	481.7	1,279.5	969.0	1,297.7	1,066.8	941.2

Salaries and related charges	110.9	294.6	297.7	252.5	267.2	227.1
Taxes payable	52.3	138.8	116.3	107.7	109.2	151.2
Dividends payable	82.2	218.4	242.2	222.4	163.8	192.5
Income and social contribution taxes payable	50.6	134.4	113.9	75.2	36.2	74.6
Post-employment benefits	4.3	11.4	11.9	10.0	11.7	10.7
Provision for assets retirement obligation	1.7	4.6	3.4	3.7	7.3	5.6
Provision for tax, civil and labor risks	24.2	64.2	69.3	49.5	41.0	39.5
Other payables	30.1	80.4	93.0	56.5	55.4	29.7
Deferred revenues	8.8	23.5	17.7	18.1	19.7	14.6
Total current liabilities	**2,142.7**	**5,692.1**	**3,764.5**	**3,721.3**	**4,083.2**	**2,492.1**

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			As of December 31			
	2014(1)	**2014**	**2013**	**2012**	**2011**	**2010**
Consolidated balance sheets data:	**US$**	**R$**	**R$**	**R$**	**R$**	**R$**
Non-current liabilities						
Loans	1,313.8	3,489.6	3,698.0	3,151.7	3,195.7	3,368.7
Debentures	526.7	1,399.0	1,399.0	1,395.3		1,193.4
Finance leases	16.7	44.3	42.6	40.9	41.4	1.3
Related parties	1.6	4.4	3.9	3.9	4.0	4.0
Subscription warrants indemnification	34.7	92.1				
Deferred income and social contribution taxes	57.5	152.8	101.5	84.9	37.4	26.5
Provision for tax, civil and labor risks	234.6	623.3	569.7	551.0	512.2	469.9
Post-employment benefits	40.8	108.4	99.4	118.5	97.5	97.7
Provision for assets retirement obligation	24.9	66.2	66.2	66.7	60.3	58.3
Other payables	27.9	74.0	77.7	99.6	90.6	62.2
Deferred revenues	2.9	7.7	9.1	9.9	8.7	5.9
Total non-current liabilities	**2,282.1**	**6,061.7**	**6,067.2**	**5,522.2**	**4,047.8**	**5,287.9**
TOTAL LIABILITIES	**4,424.8**	**11,753.8**	**9,831.7**	**9,243.5**	**8,131.0**	**7,780.0**
Shareholder s equity						
Share capital	1,445.2	3,838.7	3,696.8	3,696.8	3,696.8	3,696.8
Capital reserve	206.1	547.5	20.2	20.2	9.8	7.7
Revaluation reserve	2.2	5.8	6.1	6.7	7.1	7.6
Profit reserves	1,193.3	3,169.7	2,706.6	2,224.5	1,831.8	1,510.0
Treasury shares	(38.8)	(103.0)	(114.9)	(114.9)	(118.2)	(120.0)
Additional dividends to the minimum mandatory dividends	71.1	189.0	161.6	147.2	122.2	68.3
Valuation adjustments	2.7	7.1	5.4	(12.6)	(4.4)	(2.4)
Cumulative translation adjustments	16.3	43.2	38.1	12.6	(4.4)	(18.6)
Shareholders equity attributable to:						
Shareholders of the Company	2,898.1	7,698.0	6,520.0	5,980.6	5,540.5	5,141.9
Non-controlling interest in subsidiaries	10.8	28.6	26.9	25.5	26.2	22.3
TOTAL SHAREHOLDER S EQUITY	**2,908.9**	**7,726.6**	**6,546.9**	**6,006.1**	**5,566.7**	**5,164.2**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**7,333.7**	**19,480.4**	**16,378.5**	**15,249.6**	**13,697.7**	**12,944.1**

(1) The figures in *Reais* for December 31, 2014 have been converted into dollars using the exchange rate of US$1.00 = R$2.656, which is the commercial rate reported by the Central Bank on that date. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this annual report as a statement that the amounts in *Reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *Reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates. See Item 3.A. Key Information Selected Consolidated Financial Data Exchange Rates.

(2) See Presentation of Financial Information.

Exchange Rates

Before March 14, 2005, there were two principal foreign exchange markets in Brazil, in which notes were freely negotiated but could be strongly influenced by Central Bank intervention:

- the commercial rate exchange market dedicated principally to trade and financial foreign exchange transactions such as the buying and selling of registered investments by foreign entities, the purchase or sale of shares, or the payment of dividends or interest with respect to shares; and

- the floating rate exchange market that was generally used for transactions not conducted through the commercial foreign exchange market.

On March 4, 2005, the National Monetary Council enacted Resolution No. 3,265, pursuant to which the commercial rate exchange market and the floating rate exchange market were unified in a sole exchange market, effective as of March 14, 2005. This resolution allowed, subject to certain procedures and specific regulatory provisions, the purchase and sale of foreign currency and the international transfer of *Reais* by a person or legal entity, without limitation of the amount involved; provided, however, the transaction is legal. Foreign currencies may only be purchased through financial institutions domiciled in Brazil authorized to operate in the exchange market. Resolution No. 3,265 was revoked by Resolution No. 3,568, effective as of July 1, 2008; however, the main directives provided by Resolution No. 3,265 were maintained.

In 2010, the effects of the strong economic growth in Brazil, together with the public offering of shares of Petrobras in the third quarter, resulted in a record of foreign investments inflow to Brazil, contributing to a 4% appreciation of the *Real* against the U.S. dollar. In 2011, the unstable international economic environment, especially in the second half of the year as a result of the effects of the European crisis, contributed to a 13% depreciation of the *Real* against the U.S. dollar for the year, reversing the appreciation trend in the first half of the year. In 2012, the Brazilian government adopted counter-cyclical measures to foster economic growth. Such measures included the reduction of the base interest rate (SELIC) and the reduction of federal taxes on the automotive sector. The effects of the lower economic growth, the lower interest rate and the unstable international environment contributed to a 9% depreciation of the *Real* against the U.S. dollar. In 2013, the *Real* depreciated 15% against the U.S. dollar due to the performance of the Brazilian economy, the economic rebound in the United States and the economic instability in the international markets. In 2014, despite the weak performance of the Brazilian economy, and the recovery of the North American economy, the *Real* remained relatively stable against the dollar until September, when it started to devalue, closing the year with a depreciation of 13% against the U.S.dollar. From December 31, 2014 to April 17, 2015, the *Real* depreciated 15% against the U.S. dollar.

It is not possible to predict whether the *Real* will remain at its present level and what impact the Brazilian government s exchange rate policies may have on us.

On April 17, 2015, the exchange rate for *Reais* into U.S. dollars was R$3.054 to US$1.00, based on the commercial selling rate as reported by the Central Bank. The following table sets forth information on prevailing commercial foreign exchange selling rates for the periods indicated, as published by the Central Bank on its electronic information system, SISBACEN, using PTAX 800, Option 5.

	Exchange rates of nominal Reais per US$1.00			
	High	**Low**	**Average**	**Period-Ended**
Year Ended				
December 31, 2010	1.881	1.655	1.759(1)	1.666
December 31, 2011	1.902	1.535	1.671(1)	1.876
December 31, 2012	2.112	1.702	1.959(1)	2.044
December 31, 2013	2.446	1.953	2.174(1)	2.343
December 31, 2014	2.740	2.197	2.360(1)	2.656
Month Ended				
November 30, 2014	2.614	2.484	2.549(2)	2.560
December 31, 2014	2.740	2.561	2.651(2)	2.656
January 31, 2015	2.711	2.575	2.643(2)	2.662
February 28, 2015	2.881	2.689	2.785(2)	2.878

March 31, 2015	3.268	2.866	3.067[2]	3.208
April 17, 2015	3.156	3.025	3.090[2]	3.054

(1) Average of the foreign exchange rates on the last day of each month in the period.
(2) Average of the high and low foreign exchange rates for each month.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Investing in our shares and ADSs involves a high degree of risk. You should carefully consider the risks described below and the other information contained in this annual report in evaluating an investment in our shares or ADSs. Our business, results of operations, cash flow, liquidity and financial condition could be harmed if any of these risks materializes and, as a result, the trading price of the shares or the ADSs could decline and you could lose a substantial part or even all of your investment.

We have included information in these risk factors concerning Brazil based on information that is publicly available.

Risks Relating to Ultrapar and Its Industries

Petrobras is the main supplier of LPG and oil-based fuels in Brazil. Fuel distributors in Brazil, including Ipiranga, have formal contracts with Petrobras for the supply of oil-based fuels. Ultragaz has a formal contract with Petrobras for the supply of LPG. Any interruption in the supply of LPG or oil-based fuels from Petrobras would immediately affect Ultragaz or Ipiranga s ability to provide LPG and oil-based fuels to their customers.

Prior to 1995, Petrobras held a constitutional monopoly for the production and importation of petroleum products in Brazil. Although this monopoly was removed from the Brazilian constitution, Petrobras effectively remains the main provider of LPG and oil-based fuels in Brazil. Currently, Ultragaz and all other LPG distributors in Brazil purchase all or nearly all LPG from Petrobras. Ultragaz s net revenue from sales and services represented 6% of our consolidated net revenue from sales and services for the year ended December 31, 2014. The procedures for ordering and purchasing LPG from Petrobras are generally common to all LPG distributors including Ultragaz. For more details, see Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Ultragaz Supply of LPG.

With respect to fuel distribution, Petrobras also supplied nearly all of Ipiranga and other distributors oil-based fuel requirements in 2014. Petrobras supply to Ipiranga is governed by an annual contract, under which the supply volume is established based on the volume purchased in the previous year. Ipiranga s net revenue from sales and services represented 87% of our consolidated net revenue from sales and services for the year ended December 31, 2014.

The last significant interruption in the supply of oil derivatives by Petrobras to LPG and fuel distributors occurred during the 1995 strike by Petrobras employees. See Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Industry and Regulatory Overview and Item 4.B. Information on the Company Business Overview Fuel Distribution Industry and Regulatory Overview.

Petrobras is currently under investigation by the CVM, the SEC, the U.S. Department of Justice (DOJ), the Brazilian Federal Police and other Brazilian public authorities in connection with corruption allegations (so called *Lava Jato* investigations) consisting, among other things, of illegal payments made to officers, directors and other employees of

Petrobras to influence commercial decisions. Such investigations have had a destabilizing effect on Petrobras, and it is difficult to ascertain what impact, if any, the investigations will have on Petrobras supply of LPG and oil-based fuels to market players.

Significant interruptions of LPG and oil-based fuel supply from Petrobras may occur in the future. Any interruption in the supply of LPG or oil-based fuels from Petrobras would immediately affect Ultragaz or Ipiranga s respective ability to provide LPG or oil-based fuels to its customers. If we are not able to obtain an adequate supply of LPG or oil-based fuels from Petrobras under acceptable terms, we may seek to meet our demands through LPG or oil-based fuels purchased on the international market. The average cost of LPG and oil based fuels imported from the international markets in 2014 was higher than the price we obtained through Petrobras. As a result, any such interruption could increase our purchase costs and, consequently, adversely affect our operating margins.

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Ipiranga operates in the fuel market, which has been presenting growth in volumes in recent years. If the supply of fuels, either by refineries in Brazil or by imports, is not sufficient to serve the growth in demand, Ipiranga s ability to provide oil-based fuels to their customers could be immediately affected.

In recent years, Brazilian consumption of oil-based fuels has grown, mainly diesel and gasoline that together represented more than 85% of fuels sold in Brazil in 2014. In the last three years ended December 31, 2014, the consumption of diesel grew, on average, 4.7% per year, as a result of the Brazilian economic performance, particularly the agricultural and consumer goods segments. During the same period, the sales of gasoline by the Brazilian distributors grew by 7.7%, boosted by the growth of the light vehicle fleet in the country. Combined, sales of gasoline and diesel grew by 6.0% per year during the last three years ended December 31, 2014.

The Brazilian fuel market is supplied by domestic refining and by imports. During the last three years ended December 31, 2014, imports of diesel have grown by an average of 6.5% per year and imports of gasoline have remained stable. In 2014, 7.0% of the Brazilian demand of gasoline and 18.5% of diesel was imported, as the local production of gasoline and diesel was not sufficient to serve the Brazilian market demand. If the supply of fuels by local refineries and imports are insufficient to meet the demand in Brazil, including as a result of interruptions in supply, insufficient logistics infrastructure or delays in the construction of new refineries, Ipiranga s ability to provide fuels to its customers would be immediately affected, with a negative impact on its growth perspectives. Consequently, our results could be adversely affected.

In the recent past, Petrobras practice has been not to immediately reflect the volatility of international prices of oil and its derivatives in the Brazilian market, due in part to perceived efforts to curb inflation. We cannot guarantee that this practice will continue, particularly in light of the *Lava Jato* investigation, and the cash flow constraints of Petrobras, which could result in changes to Petrobras pricing policy.

Intense competition is generally inherent to distribution markets, including the LPG, the fuel distribution and the retail pharmacy markets and may affect our operating margins.

The Brazilian LPG market is very competitive in all segments residential, commercial and industrial. Petrobras, our supplier of LPG, and other major companies participate in the Brazilian LPG distribution market. Intense competition in the LPG distribution market could lead to lower sales volumes and increased marketing expenses, which may have a material adverse effect on our operating margins. See Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Industry and Regulatory Overview The role of Petrobras and Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Ultragaz Competition.

The Brazilian fuel distribution market is highly competitive in both retail and wholesale segments. Petrobras, our supplier of oil-derivative products, and other major companies with significant resources participate in the Brazilian fuel distribution market. Intense competition in the fuel distribution market could lead to lower sales volumes and increased marketing expenses which may have a material adverse effect on our operating margins. See Item 4.B. Information on the Company Business Overview Fuel Distribution Industry and Regulatory Overview The role of Petrobras and Item 4.B. Information on the Company Business Overview Fuel Distribution Ipiranga Competition. In addition, a number of small local and regional distributors entered the Brazilian fuel distribution market in the late 1990 s, after the market was deregulated, which further increased competition in such market.

In addition, the Brazilian drugstore market is highly competitive. Extrafarma competes with national, regional and local drugstore chains, independent drugstores, phone marketing services, direct marketing companies, prescription-only pharmacies, internet purveyors of pharmaceutical and beauty products, and other retailers such as supermarkets, beauty products stores and convenience stores. In addition, new retailers may enter the market and compete with us. Competition in the retail pharmacy market is shaped by a variety of factors, such as location, range of products, advertising, commercial practices, price, quality of services and strength of brand name, among others. If we are unable to anticipate, predict and meet the preferences of our customers, we may lose revenues and market share to our competitors.

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Anticompetitive practices by our competitors may distort market prices.

In the recent past, anticompetitive practices have been one of the main problems affecting fuels distributors in Brazil, including Ipiranga. Generally these practices have involved a combination of tax evasion and fuels adulteration, such as the dilution of gasoline by mixing solvents or adding anhydrous ethanol in an amount greater than that permitted by applicable law.

Taxes constitute a significant portion of the cost of fuels sold in Brazil. For this reason, tax evasion on the part of some fuel distributors has been prevalent, allowing them to lower the prices they charge. As the final prices for the products sold by these distributors, including Ipiranga, are calculated based on, among other factors, the amount of taxes levied on the purchase and sale of these fuels, anticompetitive practices such as tax evasion may affect Ipiranga s sales volume and could have a material adverse effect on our operating margins. Should there be any increase in the taxes levied on fuel, tax evasion may increase, resulting in a greater distortion of the prices of fuels sold.

These practices have enabled certain distributors to supply fuel products at prices lower than those offered by the major distributors, including Ipiranga.

Although the Brazilian government has been taking measures to inhibit these practices, if such practices become more prevalent, Ipiranga could suffer from a reduction in sales volume and in margins, which could have a material adverse effect on the results of our operations.

LPG competes with alternative sources of energy. Competition with and the development of alternative sources of energy in the future may adversely affect the LPG market.

LPG competes with alternative sources of energy, such as natural gas, wood, diesel, fuel oil and electricity. Natural gas is currently the principal source of energy against which we compete. Natural gas is currently less expensive than LPG for industrial consumers who purchase large volumes, but more expensive for the vast majority of residential consumers. Changes in relative prices or the development of alternative sources of energy in the future may adversely affect the LPG market and consequently our business, financial results and results of operations. See Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Ultragaz Competition.

Ethylene, the principal raw material used in our petrochemical operations, comes from limited supply sources. Any reduction in the supply of ethylene would have an immediate impact on Oxiteno s production and results of operations.

All second generation petrochemical producers in Brazil that use ethylene as their key raw material, including Oxiteno, our subsidiary involved in the production and sale of chemical and petrochemical products, purchase ethylene from Brazilian suppliers. Approximately 3% of our net revenue from sales and services were derived from the sale of chemical products that require ethylene in 2014. Oxiteno purchases ethylene from two of Brazil s three naphtha cracker units, which are the sole sources of ethylene in Brazil. Pursuant to long-term contracts, Braskem supplies all of our ethylene requirements at our plants located at Camaçari and at Mauá. For more detailed information about these contracts see Item 5.F. Operating and Financial Review and Prospects Tabular Disclosure of Contractual Obligations. Given its characteristics, ethylene is difficult and expensive to store and transport, and cannot be easily imported to Brazil. Therefore, Oxiteno is almost totally dependent on ethylene produced at Braskem for its supply. For the year ended December 31, 2014, Brazil s ethylene imports totaled 4,402 tons, representing 0.11% of Brazil s installed capacity.

Due to ethylene s chemical characteristics, Oxiteno does not store any quantity of ethylene, and reductions or interruptions in supply from Braskem would have an immediate impact on our production and results of operations. In August 2011, we concluded the expansion of the ethylene oxide unit in Camaçari, adding 90 thousand tons per year to its production capacity. We have agreed with Braskem on an additional ethylene supply, which commenced after this expansion was completed. See Item 4.A. Information on the Company History and Development of the Company Investments. If we further expand our production capacity, there is no assurance that we will be able to obtain additional ethylene from Braskem. In addition, Petrobras is the principal supplier of naphtha to crackers in Brazil, and any interruption in the supply of naphtha from Petrobras to the crackers could adversely impact their ability to supply ethylene to Oxiteno.

The price of palm kernel oil, one of Oxiteno s main raw materials, is subject to fluctuations in international markets.

Palm kernel oil is one of Oxiteno s main raw materials, used to produce fatty alcohols and its by-products in the oleochemical unit. Oxiteno imports the palm kernel oil from the main producing countries, especially Malaysia and Indonesia. Palm kernel oil is a vegetable oil, also commonly used by the food industry. Consequently, palm kernel oil prices are subject to the effects of environmental and climatic variations that affect the palm plantations, fluctuations of harvest periods, economic environment in major producing countries and fluctuations in the demand for its use in the food industry. A significant increase in palm kernel oil could increase our costs, which could have a material adverse effect on Oxiteno s results of operations.

New natural gas reserves, primarily in North America, may reduce the global prices of natural gas-based ethylene, which could affect Oxiteno s competitiveness with imported petrochemical products.

The ethylene used in the chemical and petrochemical industries can be obtained either from ethane, which is derived from natural gas, or naphtha, which is derived from oil. During the last few years, naphtha-based ethylene has been more expensive than natural gas-based ethylene, as oil prices have been higher than those of natural gas. The discovery of new shale gas reserves in North America and improvements in the technology to extract natural gas from shale gas have intensified the difference between naphtha- and natural gas-based ethylene prices. Most of the ethylene produced in Brazil is derived from naphtha. As Oxiteno competes in the Brazilian market largely with imported products, lowering feedstock costs of international players could affect the competitiveness of Oxiteno, which could materially affect our results.

The Brazilian petrochemical industry is influenced by the performance of the international petrochemical industry and its cyclical behavior.

The international petrochemical market is cyclical by nature, with alternating periods typically characterized by tight supply, increased prices and high margins, or by overcapacity, declining prices and low margins. The decrease in Brazilian import tariffs on petrochemical products, the increase in demand for such products in Brazil, and the ongoing integration of regional and world markets for commodities 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 adverse effect on our business, financial condition and results of operations.

The price of ethylene is subject to fluctuations in international oil prices.

The price of ethylene, which is the principal component of Oxiteno s cost of sales and services, is directly linked to the price of naphtha, which, in turn, is largely linked to the price of crude oil. Consequently, ethylene prices are subject to fluctuations in international oil prices. A significant increase in the price of crude oil and, consequently, naphtha and ethylene, could increase our costs, which could have a material adverse effect on Oxiteno s results of operations.

The reduction in import tariffs on petrochemical products can reduce our competitiveness in relation to imported products.

Final prices paid by importers of petrochemical products include import tariffs. Consequently, import tariffs imposed by the Brazilian government affect the prices we can charge for our products. The Brazilian government s negotiation of commercial and other intergovernmental agreements may result in reductions in the Brazilian import tariffs on petrochemical products, which generally range between 12% and 14%, and may reduce the competitiveness of

Oxiteno s products vis-à-vis imported petrochemical products. Additionally, Oxiteno s competitiveness may also be reduced in case of higher import tariffs imposed by countries to which the company exports its products.

Regulatory, political, economic and social conditions in the countries in which we have operations or projects could adversely impact our business and the market price of our securities.

Our financial and operational performance may be negatively affected by regulatory, political, economic and social conditions in countries in which we have operations or projects. In some of these jurisdictions, we are exposed to various risks such as potential renegotiation, nullification or forced modification of existing contracts, expropriation or nationalization of property, foreign exchange controls, changes in local laws, regulations and policies and political instability. We also face the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment against a sovereign nation within its own territory.

Actual or potential political or social changes and changes in economic policy may undermine investor confidence, which may hamper investment and thereby reduce economic growth, and otherwise may adversely affect the economic and other conditions under which we operate in ways that could have a materially negative effect on our business.

We may be adversely affected by changes to specific laws and regulations in our operating sectors.

We are subject to extensive federal and state legislation and regulation by government agencies and sector associations in the industries we operate. Rules related to quality of products, days of product storage, staff working hours, among others, may become more stringent or be amended overtime, and require new investments or the increase in expenses to adequate our operations. Changes in specific laws and regulations in the sectors we operate may adversely affect the conditions under which we operate in ways that could have a materially negative effect on our business and our results.

We may be adversely affected by the imposition and enforcement of more stringent environmental laws and regulations.

We are subject to extensive federal and state legislation and regulation by government agencies responsible for the implementation of environmental and health laws and policies in Brazil, Mexico, the Unites States, Uruguay and Venezuela. Companies like ours are required to obtain licenses for their manufacturing facilities from environmental authorities who may also regulate their operations by prescribing specific environmental standards in their operating licenses. Environmental regulations apply particularly to the discharge, handling and disposal of gaseous, liquid and solid products and by-products from manufacturing activities.

In 2007, a legislation entitled REACH (Registration Evaluation Authorization of Chemicals) was established by the European Union, focusing on controlling the production, imports and utilization of chemical products in the region. According to REACH, all the chemical products sold in the European Economic Area (EEA) must be registered, through the submission of information regarding properties, uses and safety of each product that will be analyzed by the European Regulatory Agency. In 2014, 2% of the volume sold by Oxiteno was exported to this region. Oxiteno is in compliance with the current legislative requirements for the products it currently exports in the EEA. As REACH is now an established regulation and has been well accepted by multilateral trade organizations, such as the World Trade Organization, it is possible that other countries may adopt similar procedures in the future. We cannot guarantee the effect that amendments to this new legislation could have on any product we export to the EEA, or whether similar legislation will come into force in other regions.

Changes in these laws and regulations, or changes in their enforcement, could adversely affect us by increasing our cost of compliance or operations. In addition, new laws or additional regulations, or more stringent interpretations of existing laws and regulations, could require us to spend additional funds on related matters in order to stay in compliance, thus increasing our costs and having an adverse effect on our results. See Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Industry and Regulatory Overview Environmental, health and safety standards , Item 4.B. Information on the Company Business Overview Fuel Distribution Industry and Regulatory Overview Environmental, health and safety standards and Item 4.B. Information on the Company Business Overview Petrochemicals and Chemicals Industry and Regulatory Overview Environmental, health and safety standards.

The production, storage and transportation of LPG, fuels and petrochemicals are inherently hazardous.

The operations we perform at our plants involve safety risks and other operating risks, including the handling, production, storage and transportation of highly inflammable, explosive and toxic materials. These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. A sufficiently large accident at one of our plants, service stations or storage facilities could force us to suspend our operations in the local temporarily and result in significant remediation costs, loss of revenues and contingent liabilities. In addition, insurance proceeds may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports or required replacement parts or equipment can also affect our manufacturing operations and consequently our results from operations.

For example, in April 2015, Ultracargo storage facilities in Santos, in the State of São Paulo, suffered a nine-day fire that spread to six storage tanks before being extinguished. The fire did not result in any casualties and its cause and impacts are still being investigated, including the extent of operational losses, damage to assets, potential environmental and other liabilities and reputational harm. While this inquiry remains ongoing, it is uncertain the degree to which this fire will have an impact on our results of operations. See Item 4.A. Information on the Company History and Development of the Company Recent Developments Ultracargo-Fire accident in Santos.

Our insurance coverage may be insufficient to cover losses that we might incur.

The operation of any chemical manufacturing plant and the specialized distribution and retail, as well as the operations of logistics of oil, chemical products, LPG, fuel and pharmaceuticals distribution involve substantial risks of property damage and personal injury and may result in material costs and liabilities. Although we believe that current insurance levels are adequate, the occurrence of losses or other liabilities that are not covered by insurance or that exceed the limits of our insurance coverage could result in significant unexpected additional costs.

The suspension, cancellation or non-renewal of certain federal tax benefits may adversely affect our results of operations.

We are entitled to federal tax benefits providing for income tax exemption or reduction for our activities in the northeast region of Brazil. These benefits have defined terms and may be cancelled or suspended at any time if we distribute to our shareholders the amount of income tax that was not paid as a consequence of tax benefits or if the relevant tax authorities decide to suspend or cancel our benefits. As a result, we may become liable for the payment of related taxes at the full tax rates. If we are not able to renew such benefits, if we are only able to renew them under terms that are substantially less favorable than expected, or if these benefits are cancelled or suspended, our results of operations may be adversely affected. Income tax exemptions amounted to R$63.4 million and R$52.8 million, respectively, for the years ended December 31, 2014 and 2013. See Item 4.B. Information on the Company Business Overview Distribution of Liquefied Petroleum Gas Ultragaz Income tax exemption status, Item 4.B. Information on the Company Business Overview Petrochemicals and Chemicals Oxiteno Income tax exemption status and Item 4.B. Information on the Company Business Overview Storage services for liquid bulk Ultracargo Income tax exemption status.

Our founding family and part of our senior management, through their ownership interest in Ultra S.A., own a significant portion of our shares and may influence the management, direction and policies of Ultrapar, including the outcome of any matter submitted to a vote of shareholders.

Although there is no controlling shareholder of Ultrapar, our founding family and part of our senior management, through their ownership interest in Ultra S.A., beneficially own 22% of our outstanding common stock. These individuals are party to a shareholders agreement executed on February 24, 2014. See Item 4.A. Information on the Company History and Development of the Company and Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders Shareholders Agreements. Accordingly, these shareholders, acting together through Ultra S.A., may exercise significant influence over all matters requiring shareholder approval, including the election of our directors. Although our Board of Directors is responsible for nominating the slate of directors to be elected by our shareholders at our annual shareholders meetings, some of the current members of our Board of Directors, who were elected at our April 15, 2015 meeting, are the same as those who previously served as members of our Board of Directors elected by Ultra S.A. on April 27, 2011, which, at that time, held approximately 66% of our voting shares.

No single shareholder or group of shareholders holds more than 50% of our capital stock, which may increase the opportunity for alliances between shareholders and other events that may occur as a result thereof.

No single shareholder or group of shareholders holds more than 50% of our capital stock. Due to the absence of a controlling shareholder, we may be subject to future alliances or agreements between our shareholders, which may result in the exercise of a relevant influence over our Company by them. In the event a controlling group is formed and decides to exercise its influence over our Company, we may be subject to unexpected changes in our corporate governance and strategies, including the replacement of key executive officers. Any unexpected change in our management team, business policy or strategy, any dispute between our shareholders, or any attempt to acquire control of our Company may have an adverse impact on us. The term of office of our current members of our Board of Directors will expire in the annual general shareholders meeting to be held in 2017.

Our status as a holding Company may limit our ability to pay dividends on the shares and consequently, on the ADSs.

As a holding Company, we have no significant operating assets other than the ownership of shares of our subsidiaries. Substantially all of our operating income comes from our subsidiaries, and therefore we depend on the distribution of dividends or interest on shareholders equity from our subsidiaries. Consequently, our ability to pay dividends depends solely upon our receipt of dividends and other cash flows from our subsidiaries.

As a result of the significant acquisitions of Ipiranga, União Terminais, Texaco, the Extrafarma Transaction, as well as other smaller acquisitions and possible future acquisitions, Ultrapar has assumed and may assume in the future certain liabilities related to the transactions and certain liabilities of the businesses acquired and all the risks related to those liabilities.

Ultrapar has assumed certain liabilities of the businesses acquired in the last years; therefore, certain existing financial obligations, legal liabilities or other known and unknown contingent liabilities or risks of the businesses acquired have become Ultrapar´s responsibility. Ultrapar may acquire new businesses in the future and, as a result, it may be subject to additional liabilities, obligations and risks. See Item 4.A. Information on the Company History and Development of the Company for more information in connection with these acquisitions.

These liabilities may cause Ultrapar to be required to make payments, incur charges or take other actions that may adversely affect Ultrapar s financial position and results of operations and the price of Ultrapar s shares.

In February 2014, we started operating in the retail pharmacy business, a new business unit in which we have limited experience and that could subject us to additional and unknown business and operating risks.

In February, 2014 we entered the retail pharmacy business through an association agreement with Extrafarma, a Brazilian drugstore chain. Prior to this transaction, we were not involved in the drugstore business. The drugstore business is complex and involves assets and operations in which we have limited operating experience. Our ability to succeed in this new business unit will depend upon our ability to address and overcome limitations in our experience. The difficulties of integrating new business activities with our existing operations include, among other things, operating distinct business segments that require different operating strategies and different managerial expertise, necessity of coordinating organization systems and facilities in different locations and integrating personnel with diverse backgrounds and organizational cultures. Failure to overcome these limitations and difficulties may have an adverse effect on our business, financial condition and results of operations.

If we fail to successfully implement our organic growth strategy in Extrafarma, our future results of operations may not meet the expectations of investors, which could adversely affect the market price of our shares and ADSs.

Our main growth strategy for Extrafarma consists of the accelerated opening of new drugstores in Brazil by leveraging our access to Ipiranga and Ultragaz resellers sites (service stations and LPG shops). Our ability to open new drugstores could be affected if we are unable to find enough appropriate outlets for new drugstores, or if the necessary investments to adapt the property to our needs are too high. Stricter regulations, including those relating to land use and zoning laws in the regions in which we operate may also result in increased expenses and make it more difficult to find suitable outlets for opening our drugstores.

In addition, new or recently opened drugstores may not achieve maturity of its sales within the period we estimate. Also, our new or recently opened stores may adversely affect the profitability of our drugstores, what could adversely affect our business and our consolidated results.

Moreover, personnel are a key success factor in the retail pharmacy business, and we may be adversely affected if we are unable to hire, train or retain employees. Our business strategy will require the opening of new drugstores, heightening the need to hire, train and retain employees. Failure to do so may impair the process of opening new stores and our operating and financial results. Additionally, a shortage of pharmacists in Brazil as a result of continued robust market growth may result in increased wages or limit our ability to retain or recruit new pharmacists and, consequently, limit our ability to open new drugstores in the long term.

Other risks associated with the opening of new drugstores include (i) entry of new competitors in the retail pharmacy business, (ii) limited knowledge about the new regions where we may open new drugstores and (iii) decrease in demand for our products as a result of restrictions in consumer spending or other factors. Any of these risks could adversely affect our ability to implement our organic growth strategy with respect to Extrafarma and, therefore, our business and operating and financial results. This could lead to our failure to meet the expectations of investors and to meet our goals for the operating and financial results of our drugstore business.

Rising climate change concerns could lead to additional regulatory measures that may result in increased costs of operation and compliance, as well as a decrease in demand for our products.

Due to concern over the risk of climate change, a number of countries, including Brazil, have adopted, or are considering the adoption of, regulatory frameworks to, among other things, reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could reduce demand for hydrocarbons, as well as shifting hydrocarbon demand toward relatively lower-carbon sources. In addition many governments are providing tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, as a result, increase the price of the products we produce or distribute.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions could adversely affect our businesses and the market price of our shares and ADSs.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes substantial changes in policy and regulations. The Brazilian government s actions to control inflation and affect other policies and regulations have involved price and wage controls, currency devaluations, capital controls, and limits on imports, among other measures. Our businesses, financial condition and results of operations may be adversely affected by changes in policy or regulations involving or affecting tariffs, exchange controls and other matters, as well as factors such as:

- currency fluctuations;
- inflation;
- interest rates;
- price instability;
- energy and water shortages and rationing;
- liquidity of domestic capital and lending markets;
- fiscal policy; and
- other trade, political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government may implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian issuers. These and other future developments in the Brazilian economy and government policies may adversely affect us and our businesses and results of operations and may adversely affect the trading price of our ADSs and shares. Furthermore, the Brazilian government may enact new regulations that may adversely affect us and our businesses.

Brazilian president Dilma Rousseff was reelected for a second four year term in October 2014, which began in January 2015. Uncertainty regarding future policies and appointments to influential governmental positions following the reelection as well as ongoing investigations into allegations of corruption in state-controlled enterprises or otherwise may also affect the confidence of investors and the general public. In addition, widescale protests throughout Brazil have called for the impeachment of Dilma Rousseff. Any of these factors may have an adverse impact on the Brazilian economy, our business, financial condition, results of operations and the market price of our ADSs and shares.

Inflation and certain governmental measures to curb inflation may contribute significantly to economic uncertainty in Brazil and could harm our business and the market value of the ADSs and our shares.

In the past, Brazil has experienced extremely high rates of inflation. Inflation and some of the Brazilian government s measures taken in an attempt to curb inflation have had significant negative effects on the Brazilian economy. Since the introduction of the *Real* in 1994, Brazil s inflation rate has been substantially lower than that in previous periods. However, during the last several years, the economy has experienced increasing inflation rates and actions taken in an effort to curb inflation, coupled with speculation about possible future governmental actions, have contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market. According to the *Índice Geral de Preços-Mercado*, or IGP-M, an inflation index, the Brazilian general price inflation rates were inflation of 3.7% in 2014, 5.5% in 2013, 7.8% in 2012, 5.1% in 2011 and 11.3% in 2010. From January 2015 to March 2015, IGP-M index was 2.0%. According to the *Índice Nacional de Preços ao Consumidor Amplo*, or IPCA, an inflation index to which Brazilian government s inflation targets are linked, inflation in Brazil was 6.4% in 2014, 5.9% in 2013, 5.8% in 2012, 6.5% in 2011 and 5.9% in 2010.

Brazil may experience high levels of inflation in the future. Our operating expenses are substantially in *Reais* and tend to increase with Brazilian inflation. Inflationary pressures may also hinder our ability to access foreign financial markets or may lead to further government intervention in the economy, including the introduction of government policies that could harm our business or adversely affect the market value of our shares and, as a result, our ADSs.

Exchange rate instability may adversely affect our financial condition and results of operations and the market price of the ADSs and our shares.

During the last decades, the Brazilian government has implemented various economic plans and a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. Although over long periods depreciation of the Brazilian currency has been generally correlated with the rate of inflation in Brazil, there have historically been observed shorter periods of significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies, in particular in the last 10 years.

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In 2010, the effects of the strong economic growth in Brazil, together with the public offering of shares of Petrobras in the third quarter, resulted in a record of foreign investments inflow to Brazil, contributing to a 4% appreciation of the *Real* against the U.S. dollar. In 2011, the unstable international economic environment, as a consequence of the European crisis, contributed to a 13% depreciation of the *Real* against the U.S. dollar for the year. In 2012, the effects of the lower economic growth, the lower interest rate and the unstable international environment contributed to a 9% depreciation of the *Real* against the U.S. dollar. In 2013, the *Real* depreciated 15% against the U.S. dollar due to the performance of the Brazilian economy, the economic rebound of the United States and the economic instability in the international markets. In 2014, despite the weak performance of the Brazilian economy, and the recovery of the North American economy, the Real remained relatively stable against the dollar until September, when started to devalue, closing the year with a depreciation of 13%. From December 31, 2014 to April 17, 2015 the *Real* depreciated by 15% against the U.S. dollar. See Item 3.A. Key Information Selected Consolidated Financial Data Exchange Rates.

There are no guarantees that the exchange rate between the *Real* and the U.S. dollar will stabilize at current levels. Although we have contracted hedging instruments with respect to our existing U.S. dollar debt obligations, in order to reduce our exposure to fluctuations in the dollar/*Real* exchange rate, we cannot guarantee that such instruments will be adequate to protect us fully against further devaluation of the *Real*, and we could in the future experience monetary losses as a result. See Item 11. Quantitative and Qualitative Disclosures about Market Risk Foreign Exchange Risk for information about our foreign exchange risk hedging policy.

Depreciations of the *Real* relative to the U.S. dollar can create additional inflationary pressures in Brazil that may negatively affect us. Depreciations generally curtail access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. Depreciations also reduce the U.S. dollar value of distributions and dividends on the ADSs and the U.S. dollar equivalent of the market price of our shares and, as a result, the ADSs. On the other hand, appreciation of the *Real* against the U.S. dollar may lead to a deterioration of the country s current account and the balance of payments, as well as to a dampening of export-driven growth.

Although a large part of our sales is denominated in *Reais*, prices and certain costs in the chemical business (including but not limited to ethylene and palm kernel oil, purchased by our subsidiary Oxiteno) are benchmarked to prices prevailing in the international markets. Therefore, we are exposed to foreign exchange rate risks that could materially adversely affect our business, financial condition and results of operations as well as our capacity to service our debt.

See Item 11. Quantitative and Qualitative Disclosure about Market Risk.

Developments and the perception of risk in other countries, especially emerging market countries, may adversely affect the results of our operations and the market price of the shares and ADSs.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Brazil, investors reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Crises such as the global financial crisis started in 2008 may diminish investor interest in securities of Brazilian issuers, including our shares and ADSs. This could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

Our businesses, financial condition and results of operations may be materially adversely affected by a general economic downturn and by instability and volatility in the financial markets.

The turmoil of the global financial markets and the scarcity of credit in 2008 and 2009, and to a lesser extent, the European crisis deteriorated in 2011, led to lack of consumer confidence, increased market volatility and widespread reduction of business activity. An economic downturn could materially adversely affect the liquidity, businesses and/or financial conditions of our customers, which could in turn result not only in decreased demand for our products, but also increased delinquencies in our accounts receivable. Furthermore, an eventual new global financial crisis could have a negative impact on our cost of borrowing and on our ability to obtain future borrowings. The disruptions in the financial markets could also lead to a reduction in available trade credit due to counterparties liquidity concerns. If we experience a decrease in demand for our products or an increase in delinquencies in our accounts receivable, or if we are unable to obtain borrowings our business, financial condition and results of operations could be materially adversely affected.

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Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other relevant persons.

We are a Company incorporated under the laws of Brazil. All members of our Board of Directors, executive officers and experts named in this annual report are residents of Brazil or have business address in Brazil. All or a substantial part of the assets pertaining to these individuals and to Ultrapar are located outside the United States. As a result, it is possible that investors may not be able to effect service of process upon these individuals or us in the United States or other jurisdictions outside Brazil, or enforce judgments against us or these other persons obtained in the United States or other jurisdictions outside Brazil, including for civil liability based upon United States federal securities laws or otherwise. In addition, because judgments of United States courts for civil liabilities based upon the United States federal securities laws may only be enforced in Brazil if certain conditions are met, holders may face greater difficulties in protecting their interests in the case of actions against us or our board of directors or executive officers than would shareholders of a United States corporation.

Risks Relating to the Shares and the American Depositary Shares

Asserting limited voting rights as a holder of ADSs may prove more difficult than for holders of our common shares.

Under Brazilian Corporate Law, only shareholders registered as such in our corporate books may attend shareholders meetings. All common shares underlying the ADSs are registered in the name of the depositary bank. A holder of ADSs, accordingly, is not entitled to attend shareholders meetings. A holder of ADSs is entitled to instruct the depositary bank as to how to exercise the voting rights of its common shares underlying the ADSs in accordance with procedures provided for in the Deposit Agreement, but a holder of ADSs will not be able to vote directly at a shareholders meeting or appoint a proxy to do so. In addition, a holder of ADSs may not have sufficient or reasonable time to provide such voting instructions to the depositary bank in accordance with the mechanisms set forth in the Deposit Agreement and custody agreement, and the depositary bank will not be held liable for failure to deliver any voting instructions to such holders.

Holders of our shares or ADSs may not receive dividends.

Under our bylaws, unless otherwise proposed by the Board of Directors and approved by the voting shareholders at the Annual General Meeting, we must generally pay our shareholders a mandatory distribution equal to at least 50% of our adjusted net income. However, our net income may be capitalized, used to set off losses and/or otherwise retained in accordance with the Brazilian Corporate Law and may not be available for the payment of dividends, including in the form of interest on shareholders equity. Therefore, whether or not you receive a dividend depends on the amount of the mandatory distribution, if any, and whether the Board of Directors and the voting shareholders exercise their discretion to suspend these payments. See Item 8.A. Financial Information Consolidated Statements and Other Financial Information Dividend and Distribution Policy Dividend Policy for a more detailed discussion of mandatory distributions.

Holders of our shares may be unable to exercise preemptive rights with respect to the shares.

In the event that we issue new shares pursuant to a capital increase or offer rights to purchase our shares, shareholders would have preemptive rights to subscribe for the newly issued shares or rights, as the case may be, corresponding to their respective interest in our share capital, allowing them to maintain their existing shareholder percentage.

However, our bylaws establish that the Board of Directors may exclude preemptive rights to the current shareholders or reduce the time our shareholders have to exercise their rights, in the case of an offering of new shares to be sold on a registered stock exchange or otherwise through a public offering.

The holders of our shares or ADSs may be unable to exercise their preemptive rights in relation to the shares represented by the ADSs, unless we file a registration statement for the offering of rights or shares with the SEC pursuant to the United States Securities Act or an exemption from the registration requirements applies. We are not obliged to file registration statements in order to facilitate the exercise of preemptive rights and, therefore, we cannot assure ADS holders that such a registration statement will be filed. As a result, the equity interest of such holders in our Company may be diluted. However, if the rights or shares, as the case may be, are not registered as required, the depositary will try to sell the preemptive rights held by holder of the ADSs and you will have the right to the net sale value, if any. However, the preemptive rights will expire without compensation to you should the depositary not succeed in selling them.

If shareholders exchange ADSs for shares, they may lose certain foreign currency remittance and Brazilian tax advantages.

The ADSs benefit from the depositary s certificate of foreign capital registration, which permits the depositary to convert dividends and other distributions with respect to the shares into foreign currency and remit the proceeds abroad. If you exchange your ADSs for shares, you will only be entitled to rely on the depositary s certificate of foreign capital registration for five business days from the date of exchange. Thereafter, you will not be able to remit abroad non-Brazilian currency unless you obtain your own certificate of foreign capital registration or you qualify under National Monetary Council Resolution 2,689, dated January 26, 2000, known as Resolution 2,689, which entitles certain investors to buy and sell shares on Brazilian stock exchanges without obtaining separate certificates of registration. If you do not qualify under Resolution 2,689, you will generally be subject to less favorable tax treatment on distributions with respect to the shares. The depositary s certificate of registration or any certificate of foreign capital registration obtained by you may be affected by future legislative or regulatory changes, and additional Brazilian law restrictions applicable to your investment in the ADSs may be imposed in the future. For a more complete description of Brazilian tax regulations, see Item 10.E. Additional Information Taxation Brazilian Tax Consequences.

The relative volatility and illiquidity of the Brazilian securities markets may adversely affect you.

Investing in securities, such as the shares or ADSs, of issuers from emerging market countries, including Brazil, involves a higher degree of risk than investing in securities of issuers from more developed countries. For the reasons above, investments involving risks relating to Brazil, such as investments in ADSs, are generally considered speculative in nature and are subject to certain economic and political risks, including but not limited to:

- changes to the regulatory, tax, economic and political environment that may affect the ability of investors to receive payments, in whole or in part, in respect of their investments; and

- restrictions on foreign investment and on repatriation of capital invested.

The Brazilian securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. This may limit your ability to sell the shares underlying your ADSs at the price and time at which you wish to do so. The BM&FBOVESPA, the only Brazilian stock exchange, had a market capitalization of US$0.8 trillion as of December 31, 2014 and an average monthly trading volume of US$64 billion for 2014. In comparison, the NYSE had a market capitalization of US$19.4 trillion as of December 31, 2014 and an average monthly trading volume of US$0.9 trillion for 2014.

There is also a large concentration in the Brazilian securities market. The ten largest companies in terms of market capitalization represented 51% of the aggregate market capitalization of the BM&FBOVESPA as of December 31, 2014. The top ten stocks in terms of trading volume accounted for approximately 45% of all shares traded on the BM&FBOVESPA in 2014. Ultrapar s average daily trading volume on both stock exchanges in 2014, 2013 and 2012 was R$88.6 million, R$69.9 million and R$55.5 million, respectively.

Controls and restrictions on the remittance of foreign currency could negatively affect your ability to convert and remit dividends, distributions or the proceeds from the sale of our shares, Ultrapar s capacity to make dividend payments to non-Brazilian investors and the market price of our shares and ADSs.

Brazilian law provides that, whenever there is a serious imbalance in the Brazilian balance of payments or reasons for believing that there will be a serious imbalance in the future, the Brazilian government can impose temporary restrictions on remittances of income on investments by non-Brazilian investors in Brazil. The probability that the Brazilian government might impose such restrictions is related to the level of the country s foreign currency reserves, the availability of currency in the foreign exchange markets on the maturity date of a payment, the amount of the Brazilian debt servicing requirement in relation to the economy as a whole, and the Brazilian policy towards the International Monetary Fund, among other factors. We are unable to give assurances that the Central Bank will not modify its policies or that the Brazilian government will not introduce restrictions or cause delays in payments by Brazilian entities of dividends relating to securities issued in the overseas capital markets up to the present. Such restrictions or delays could negatively affect your ability to convert and remit dividends, distributions or the proceeds from the sale of our shares, Ultrapar s capacity to make dividend payments to non-Brazilian investors and the market price of our shares and the ADSs.

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Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of our ADSs.

According to Law No. 10,833, enacted on December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to taxation in Brazil, regardless of whether the disposal occurs outside or within Brazil. In the event that the disposal of assets is interpreted to include a disposal of our ADSs, this tax law could result in the imposition of the withholding income tax on a disposal of our ADSs between non-residents of Brazil. See Item 10.E. Additional Information Taxation Brazilian Tax Consequences Taxation of Gains.

Substantial sales of our shares or our ADSs could cause the price of our shares or our ADSs to decrease.

Shareholders of Ultra S.A., which own 22% of our outstanding shares, have the right to exchange their shares of Ultra S.A. for shares of Ultrapar and freely trade them in the market as more fully described under Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders Shareholders Agreements. Other shareholders, who may freely sell their respective shares, hold a substantial portion of our remaining shares. A sale of a significant number of shares could negatively affect the market value of the shares and ADSs. The market price of our shares and the ADSs could drop significantly if the holders of shares or the ADSs sell them or the market perceives that they intend to sell them.

There may be adverse U.S. federal income tax consequences to U.S. shareholders if we are or become a PFIC under the U.S. Internal Revenue Code.

If we were characterized as a PFIC, in any year during which a U.S. Holder holds shares or ADSs, certain adverse U.S. federal tax income consequences could apply to that person. Based on the manner in which we currently operate our business, the projected composition of our income and valuation of our assets, and the current interpretation of the PFIC rules, we do not believe that we were a PFIC in 2014 and we do not expect to be a PFIC in the foreseeable future. However, because PFIC classification is a factual determination made annually and is subject to change and differing interpretations, there can be no assurance that we will not be considered a PFIC for the current taxable year or any subsequent taxable year. U.S. Holders should carefully read Item 10.E. Additional Information Taxation U.S. Federal Income Tax Considerations for a description of the PFIC rules and consult their own tax advisors regarding the likelihood and consequences if we were treated as a PFIC for U.S. federal income tax purposes.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were incorporated on December 20, 1953, with our origins going back to 1937, when Ernesto Igel founded Ultragaz and pioneered the use of LPG as cooking gas in Brazil, using bottles acquired from Companhia Zeppelin. The gas stove began to replace the traditional wood stove and, to a lesser degree, kerosene and coal, which dominated Brazilian kitchens at the time.

In 1966, the market demand for high-quality and safe transportation services led to the entrance in the transportation of chemicals, petrochemicals and LPG segments. In 1978, Tequimar, was founded for the specific purpose of operating the storage business.

We were also one of the pioneers in developing the Brazilian petrochemicals industry with the creation of Oxiteno in 1970, whose first plant was located in the Mauá petrochemical complex in São Paulo metropolitan area. In 1974, Oxiteno inaugurated its second industrial unit, in the Camaçari petrochemical complex in Bahia. In 1986, Oxiteno established its own research and development center in order to respond to specific customer needs.

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In 1997, through Ultragaz, we introduced UltraSystem a small bulk distribution system to residential, commercial and industrial segments, and we started the process of geographical expansion through the construction of new LPG filling and satellite plants. We also concluded the capacity expansion of Oxiteno s industrial unit in Camaçari Petrochemical Complex, in the state of Bahia.

On October 6, 1999, we concluded our initial public offering, listing our shares simultaneously on BM&FBOVESPA and NYSE.

In 2000, Ultragaz started the construction of four new filling plants, therefore covering a large portion of the Brazilian territory. Still in 2000, the first of the four new plants, located in Goiânia, in the state of Goiás, started operations. In 2001, Ultragaz started two new plants: in Fortaleza, in the state of Ceará, and in Duque de Caxias, in the state of Rio de Janeiro. In 2002, the company started operations at a filling plant in Betim, in the state of Minas Gerais.

In March 2000, Ultra S.A. s shareholders signed an agreement, assuring equal treatment of all shareholders (holders of both common and/or preferred shares) in the event of any change in control tag along rights. The agreement stipulated that any transfer of control of Ultrapar, either direct or indirect, would only be executed in conjunction with a public offer by the acquiring entity to purchase the shares of all shareholders in the same proportion and under the same price and payment terms as those offered to the controlling shareholders.

In April 2002, Oxiteno completed a tender offer for the acquisition of the shares of its subsidiary Oxiteno Nordeste, through the acquisition of 93,871 shares of Oxiteno Nordeste by Oxiteno, representing approximately 73.3% of the shares held by minority shareholders. Oxiteno increased its share ownership from 97% to 98.9% for R$4.4 million.

In December 2002, we completed a corporate restructuring process that we began in October 2002. The effects of the corporate restructuring were:

the merger of Gipóia Ltda., a company which held a 23% direct stake in Ultragaz and was owned by Ultra S.A., into Ultrapar, increasing Ultrapar s ownership in Ultragaz from 77% to 100% of its total share capital. Ultrapar issued approximately 7.8 billion common shares in connection with this merger; and

the exchange of shares issued by Oxiteno for shares issued by Ultrapar, increasing Ultrapar s ownership in Oxiteno from 48% to 100% of its total share capital. The holders of approximately 12 million of Oxiteno s shares elected to exchange their shares for shares in Ultrapar, which resulted in the issuance of approximately 5.4 billion common shares and 3.4 billion preferred shares by Ultrapar. We paid R$208.1 million to Oxiteno s minority shareholders who exercised their statutory withdrawal rights and owned approximately 13 million shares of Oxiteno. The table below shows the effects of the corporate restructuring in our share capital:

	Total capital (in millions of Reais)	**Common shares**	**Preferred shares**	**Total shares**
As of December 31, 2001	433.9	37,984,012,500	15,015,987,500	53,000,000,000
Shares issued for:				
Merger of Gipóia	38.5	7,850,603,880		7,850,603,880

Incorporation of Oxiteno s shares	191.6	5,430,005,398	3,410,659,550	8,840,664,948
As of December 31, 2002	664.0	51,264,621,778	18,426,647,050	69,691,268,828

In August 2003, Ultragaz acquired Shell Gás, Royal Dutch Shell plc s LPG operations in Brazil, for a total amount of R$170.6 million. With this acquisition, Ultragaz became the Brazilian market leader in LPG, with a 24% share of the Brazilian market on that date.

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In December 2003, we concluded the acquisition of Canamex, a Mexican specialty chemicals company. Canamex had two plants in Mexico (Guadalajara and Coatzacoalcos). The acquisition amount was US$10.3 million, with no debt assumption. In June 2004, we acquired the operational assets of Rhodia Especialidades S.A. de C.V. in Mexico for US$2.7 million. Both acquisitions had the target of establishing a stronger presence in the Mexican petrochemical market and to create a production and distribution platform to serve the United States market. Since July, 2007, Canamex has been renamed Oxiteno Mexico S.A. de C.V., or Oxiteno Mexico.

In May 2004, at an extraordinary general shareholders meeting, the shareholders of Ultrapar approved the inclusion of tag along rights to the company s bylaws, for all shareholders, at 100% of the offer price, improving a right that was previously established through a shareholders agreement dated March 22, 2000. The bylaws set forth that the sale of the control of Ultrapar, either direct or indirect, triggers a mandatory public offer by the acquiring entity for all of the shares in the same proportion and at the same terms and conditions (including price) as those offered for the control block.

In September 2004, the shareholders of Ultra S.A. signed a new shareholders agreement replacing the previous agreement. This new agreement sought to maintain a stable controlling shareholder block in Ultrapar. See Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders.

In December 2004, Igel Participações S.A. and Avaré Participações S.A., former controlling shareholders of Ultra S.A., were dissolved, and, as a result, their shares in Ultra S.A. were distributed to their respective shareholders on a *pro rata* basis.

At a meeting held on February 2, 2005, our Board of Directors approved a stock dividend of 10,453,690,324 preferred shares of Ultrapar, or 15 shares for each 100 outstanding common or preferred shares as of February 16, 2005. As a result of the stock dividend, we issued 10,453,690,324 new preferred shares to our shareholders through a capitalization of reserves. At an extraordinary general shareholders meeting held on February 22, 2005, our shareholders approved the issuance of additional preferred shares of Ultrapar to permit certain shareholders, including Ultra S.A., to exchange common shares of Ultrapar held by them into preferred shares at a ratio of one common share for one preferred share. Common shares tendered for exchange into preferred shares were cancelled.

In April 2005, we concluded a primary and secondary offering of our preferred shares. The offering consisted of 7,869,671,318 preferred shares owned by Monteiro Aranha S.A. and certain shareholders of Ultra S.A., and 1,180,450,697 newly issued preferred shares resulting from the exercise of an overallotment option. The offering price was R$40.00 per thousand preferred shares and the offering totaled R$362 million. As a result of the offering, Ultrapar s total capital increased by R$47 million, to a total of approximately R$946 million. The total shares outstanding were 81,325,409,849 shares, with 49,429,897,261 common shares and 31,895,512,588 preferred shares.

In July 2005, at an extraordinary general shareholders meeting held, our shareholders approved a reverse stock split of all our issued common and preferred shares. As a result, each 1,000 shares of any class would be converted into one share of each such class. In connection with this reverse stock split, we authorized a change to the ADS ratio of our ADR program from one ADS representing 1,000 preferred shares to one ADS representing one preferred share. This reverse stock split and ratio change became effective on August 23, 2005. As a result of the reverse stock split, we have amended our bylaws. After the reverse stock split, we had 81,325,409 shares outstanding, with 49,429,897 common shares and 31,895,512 preferred shares.

In July 2005, Ultracargo started up a new terminal in Santos, its second port terminal that integrates road, rail and maritime transportation systems. The new terminal had a storage capacity of 33.5 thousand cubic meters for chemical products, 40 thousand cubic meters for ethanol and 38 thousand cubic meters for vegetable oil at the time.

In August 2006, Ultrapar announced the signing of an agreement between its subsidiary Oxiteno Nordeste and Braskem, for the supply of ethylene, with a 15-year term. Under this contract, the current annual minimum purchase commitment is 205 thousand tons of ethylene with a maximum of 220 thousand tons of ethylene per year. The agreed upon supply price is indexed to ethylene prices in the international market and to the volume effectively purchased by Oxiteno. In 2006, Ultrapar also announced its plans to expand its ethylene oxide and specialty chemicals production capacity at Oxiteno s plants located in Mauá, São Paulo and in Camaçari, Bahia.

In August 2006, Oxiteno opened its first commercial office outside Brazil, in Buenos Aires, Argentina Oxiteno Argentina S.R.L.

In April 2007, Ultrapar acquired the control of the Southern Distribution Business, EMCA and a one-third stake in RPR, in connection with the acquisition of the Ipiranga Group. Following the acquisition, Ultrapar, which was already the largest LPG distributor in Brazil, became the second largest fuel distributor in Brazil, with a 14% market share in 2007. Entering fuel distribution business was a natural extension of LPG distribution as it has similar profitability drivers: logistics efficiency, management of a resellers network and leveraging a renowned brand. The rationale for the acquisition also included the attractive growth prospects of the fuel distribution business in light of increased fuel consumption in Brazil in the recent past, principally due to increased national income, greater availability of credit and reducing unfair competitive practices, which caused the grey market to decline in relation to the formal market. See Item 4.A. Information on the Company History and Development of the Company Description of the Acquisition of Ipiranga Group.

In April 2007, Ultrapar acquired the sulfate and sulfonate assets of Unión Química S.A. de C.V., in San Juan del Río, Mexico through its subsidiary Oxiteno Mexico. The investment for this acquisition totaled US$4.0 million and was financed entirely by Oxiteno Mexico in the local market.

In September 2007, Oxiteno acquired Arch Andina, a subsidiary of the U.S. company Arch Chemicals, Inc. At such time, Arch Andina was the sole producer of ethoxylates in Venezuela, which had been the only ethylene oxide producing country in Latin America where Oxiteno did not have operations. This acquisition was consistent with the company s growth and expansion strategy in Latin America. The amount paid for the acquisition was US$7.6 million. The company was renamed Oxiteno Andina. Also in September 2007, Oxiteno announced the opening of a sales office in the United States. The company intended to leverage its position in the American market, particularly with respect to specialty chemicals.

In January 2008, Ultrapar significantly increased the liquidity of its shares through the issuance of 55 million preferred shares, as a consequence of the Share Exchange. See Item 4.A. Information on the Company History and Development of the Company Description of the Acquisition of Ipiranga Group. The Share Exchange increased Ultrapar s free float from 32 million shares to 87 million shares, with the free float reaching 64% of the Company s total capital from 39% previously. Ultrapar s shares achieved a new level of trading liquidity in equity markets, with average trading volume higher than the historical average of Ultrapar, RPR, CBPI and DPPI combined. This significant increase in the size of the free float helped Ultrapar to become part of Ibovespa, the BM&FBOVESPA index, as well as the MSCI index, which is widely recognized in international financial markets. In addition, the Share Exchange resulted in greater alignment of interests of all the Company s shareholders and the extension of Ultrapar s recognized corporate governance standards to all the former shareholders of RPR, DPPI and CBPI.

In June 2008, Ultrapar announced that its subsidiary Ultracargo signed the sale and purchase agreement for the acquisition of 100% of the shares of União Terminais held by Unipar. In October 2008, Ultrapar completed the acquisition in relation to the port terminals in Santos and Rio de Janeiro. In November 2008, it completed the acquisition of 50% of the total capital stock held by Unipar of União/Vopak, which owned a port terminal in Paranaguá. The combination of its operations with those of União Terminais doubled the size of Ultracargo in terms of EBITDA, and made it the largest liquid bulk storage company in Brazil, strengthening its operating scale. With this acquisition, Ultracargo increased its presence at the port of Santos, the largest Brazilian port, and is now strategically positioned in the ports of Rio de Janeiro and Paranaguá, where the company did not previously have operations. See Item 4.A. Information on the Company History and Development of the Company Description of the Acquisition of União Terminais.

In July 2008, Oxiteno inaugurated its first sales office in Europe and the third outside Brazil in Brussels, Belgium, as part of Oxiteno s internationalization strategy.

In August 2008, Ultrapar announced that its subsidiary SBP entered into a sale and purchase agreement with Chevron for the acquisition of 100% of the shares of CBL and Galena. In March 2009, Ultrapar completed the acquisition and paid R$1,106 million to Chevron, in addition to a US$38 million deposit that it had made to Chevron in August 2008. In August 2009, Ultrapar also paid R$162 million related to the working capital adjustment as set forth in the sale and purchase agreement. Texaco marketed fuel throughout Brazil, except for the state of Roraima, through a network of more than two thousand service stations and directly to large clients, supported by a logistics infrastructure with 48 distribution terminals. Texaco s acquisition was part of Ultrapar s strategy to increase its operational scale in the fuel distribution business and to expand its operations to the Midwest, Northeast and North regions of Brazil. The combination with Texaco created a nationwide fuel distribution business, strengthening its competitiveness through a larger operational scale. The addition of Texaco allowed, for example, improved efficiency and competitiveness in the distribution and sales processes, dilution of advertising, marketing and product development expenses and gains of scale in administrative functions. Additionally, Texaco s acquisition led to Ultrapar geographical expansion in the sector, allowing the company to operate in regions with consumption growth above the national average, and brought new commercial opportunities arising from the national coverage. See Item 4.A. Information on the Company History and Development of the Company Description of the Acquisition of Texaco.

In August 2008, Ultrapar announced the execution of a supply contract between Oxiteno and Quattor for the supply of ethylene to the Mauá unit, in the state of São Paulo, effective through 2023. The long-term contract establishes the ethylene supply conditions, referenced on the international market. The volume contracted allowed the increase of at least 30% in the ethylene oxide production compared to 2007. At the same time, Oxiteno sold the equity interest it owned in Quattor, equivalent to 2,803,365 shares, for R$46 million.

In October 2008, certain production capacity expansions at Oxiteno were completed, including (i) the operational start-up of the oleochemicals plant with an annual production capacity of approximately 100 thousand tons of fatty alcohols and by-products; (ii) the expansion of the ethylene oxide unit at Mauá, adding 38 thousand tons to the annual production capacity of this product; and (iii) the expansion of the ethoxylate and ethanolamine production at Camaçari, adding 120 thousand tons to the annual capacity of these products. These expansions aimed at replacing imports and meeting the increased demand for specialty chemicals in the Brazilian market, mainly in the crop protection, cosmetics, detergents and coatings segments.

In February 2009, a capital increase of R$15 million was approved at an extraordinary general shareholders meeting of RPR through the issuance of 15 million new common and preferred shares and the admission of new shareholders in its capital stock, as part of the acquisition of the Ipiranga Group. As a result, RPR ceased to be a wholly-owned subsidiary of Ultrapar. Ultrapar now retains an equity interest of 33% in RPR. In December 2009, shareholders of Ultra S.A. entered into a new shareholders agreement that replaced the shareholders agreement executed on September 2004, which was to expire on December 16, 2009. The terms and conditions of the new shareholders agreement were substantially the same as those of the previous agreement and had a two-year term. See Item 4.A. Information on the Company History and Development of the Company and Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders.

In December 2009, Ultrapar, through Ultracargo, paid R$44 million for the acquisition of Puma Storage do Brasil Ltda., a storage terminal for liquid bulk with 83 thousand cubic meters capacity located at the port of Suape, in the state of Pernambuco. This acquisition strengthened Ultracargo s position in the region of the port of Suape, enhanced its operational scale and represented another step in Ultracargo s strategy of strengthening its position as an important provider of storage for liquid bulk in Brazil.

In March 2010, Ultrapar entered into a sale and purchase agreement to sell Ultracargo s in-house logistics, solid bulk storage and road transportation businesses for R$82 million. In July 2010, the sale closed with the transfer of shares of Armazéns Gerais e Transportes Ltda. and Petrolog Serviços e Armazéns Gerais Ltda. to Aqces Logística Internacional Ltda. This transaction allowed Ultracargo to focus exclusively on its liquid bulk storage business, a segment in which it has a leadership position.

In August 2010, Oxiteno concluded the expansion of the ethoxylate unit at Camaçari, which added 70 thousand tons per year to its production capacity. With this expansion, Oxiteno consolidated its position as the world s second largest ethoxylate producer.

In October 2010, Ultrapar, through Ipiranga, entered into a sale and purchase agreement for the acquisition of 100% of the shares of DNP. The total value of the acquisition was R$73 million. DNP distributed 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 2009 in the North of Brazil, and was 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. This transaction reinforced the strategy of expansion, initiated with the acquisition of Texaco, to the Midwest, Northeast and North regions of Brazil.

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In February 2011, the extraordinary general shareholders meeting approved a stock split of the shares issued by Ultrapar, resulting in each share converting into four shares of the same class and type, with no modification in the shareholders financial position or interest in the Company. The shares resulting from the stock split granted its holders including holders of ADSs, the same rights attributable to the shares previously held, including dividends, interest on capital and any payments on capital approved by the Company. After the stock split, the 1:1 ratio between preferred shares and ADSs was maintained, and each ADS consequently continued to represent one share.

In April 2011, our Board of Directors, at a meeting held, approved the submission to the shareholders of the Company a proposal to (a) convert any and all shares of preferred stock issued by the Company into shares of common stock, on a 1:1 conversion ratio; (b) amend the Company s bylaws, modifying several of its provisions, aiming to strengthen the Company s corporate governance; and (c) adhere to the *Novo Mercado* segment rules. The Conversion was approved by a majority vote at the extraordinary general shareholders meeting and special preferred shareholders meeting each held on June 28, 2011, whereby all preferred shares issued by the Company were converted into common shares, at a ratio of one preferred share for one common share. The material amendments to the previous bylaws were the following: (a) the requirement of a mandatory tender offer for 100% of the Company s shareholders in the event a shareholder, or a group of shareholders acting in concert, acquire or become holders of 20% of the Company s shares, excluding treasury shares. The tender offer price must be the highest price per share paid by the buyer in the previous six months, adjusted by the SELIC rate; (b) the requirement of a minimum of 30% of independent members (as defined in the *Novo Mercado* segment rules) of the Board of Directors; and (c) the creation of audit and compensation committees, as ancillary bodies of the Board of Directors, each with three members. The audit committee must be composed of three independent members, of whom at least two are not directors; and the compensation committee must be composed of at least two independent directors.

In August 2011, Ultrapar s shares began trading on the *Novo Mercado* under ticker symbol UGPA3. Simultaneously, Ultrapar s ADSs, formerly represented by preferred shares, began representing Ultrapar s common shares and began trading on the NYSE under this new format. Additionally, on the same date, Ultrapar s new amended bylaws became effective. In April 2011, Ultra S.A. s shareholders executed a new shareholders agreement (the 2011 Ultra S.A. Shareholders Agreement), which became effective upon the approval of the Conversion and replaced the shareholders agreement executed in December 2009. The terms and conditions of the 2011 Ultra S.A. Shareholders Agreement were substantially the same as the previous shareholders agreement, except, primarily, for (a) the requirement for prior approval at a shareholders meeting for a third party to become an Ultra S.A. shareholder, and (b) the purpose and form of the preliminary meetings to be held prior to certain shareholders meetings of the Company. See Exhibit 2.8 2011 Ultra S.A. Shareholders Agreement, dated as of April 1, 2011.

In August 2011, we completed the expansion of the ethylene oxide plant in Camaçari, increasing the production capacity by 90 thousand tons per year. This expansion concluded an important investment cycle in the expansion of Oxiteno.

In August 2011, Oxiteno opened a commercial office in Bogota, Colombia Oxiteno Colombia S.A.S.

In September 2011, Ultracargo s expanded terminal in Suape started operations, increasing its storage capacity by 26 thousand cubic meters. This project was part of Ultracargo s expansion plan started in 2010.

In October 2011, Ultrapar acquired, through Ultragaz, Repsol s LPG distribution business in Brazil for a total value of R$50 million, which included R$2 million related to the net cash of the acquired company. Repsol solely distributed bulk LPG and had a 1% share in the LPG bulk distribution market in Brazil at the time of the acquisition. The acquisition of Repsol s business strengthened Ultragaz s bulk LPG business, a segment in which Ultragaz pioneered, producing economies of scale in logistics and management, as well as an improved positioning for growth in the bulk segment, where increase in sales volume is correlated to Brazilian GDP growth.

In April 2012, Oxiteno acquired a specialty chemicals plant in the United States for US$15 million, with no debt assumption. The plant is located in Pasadena, Texas, one of the most important chemical hubs in the world, benefiting from attractive feedstock conditions, including competitive natural gas-based raw materials, and highly efficient logistics infrastructure. During 2012 and 2013, Oxiteno invested R$42 million in capital expenditures to retrofit the plant for its product line of specialty surfactants. The total production capacity is 32 thousand tons per year and operations started in late 2012. See Item 4.A. Information on the Company History and Development of the Company Investments for more information.

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In May 2012, the Board of Directors approved the nomination of Thilo Mannhardt to succeed Pedro Wongtschowski as Chief Executive Officer starting January 1, 2013. Thilo Mannhardt has extensively participated in strategic and operational projects of Ultrapar s businesses for over 15 years as a senior partner at McKinsey & Company and as a member of the Board of Directors of the Company in 2011 and 2012. Pedro Wongtschowski, in turn, replaced Thilo Mannhardt in the Board of Directors. The succession process was held in accordance with Ultrapar s philosophy; adequately planned and conducted with transparency. The nomination of Thilo Mannhardt for CEO and of Pedro Wongtschowski for the Board of Directors represented the continuity of Ultrapar s management and business philosophy.

In May 2012, Oxiteno opened a commercial office in Shanghai, China Oxiteno Shanghai Trading LTD.

In July 2012, Ultracargo acquired Temmar from Temmar Netherlands B.V. and Noble Netherlands B.V., subsidiaries of Noble Group Limited for R$68 million, in addition to the assumption of net debt in the amount of R$91 million. In December 2013, in order to simplify our corporate structure, the subsidiary Temmar was merged into Tequimar. Temmar owned a terminal in the port of Itaqui, which added 55 thousand cubic meters to Ultracargo s capacity. In addition, Ultrapar will disburse a minimum additional amount 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 following seven years after the acquisition. The port of Itaqui has a strategic location and efficient logistics, which includes access to railways, and is responsible for supplying the fuel market in the states of Maranhão, Piauí and Tocantins, where fuel consumption has been growing above the national average. This acquisition marked the entry of Ultracargo in this important market and enhanced its operational scale, strengthening its position as a provider of storage for liquid bulk in Brazil and adding 8% to the company s storage capacity.

In September 2012, we concluded an expansion in the terminal of Santos, adding 30 thousand cubic meters to Ultracargo s storage capacity. This expansion, together with the expansion in the same terminal concluded in January 2012, which added 12 thousand cubic meters to its capacity, and with the expansion in the terminal of Aratu concluded in June 2012, which added approximately 4 thousand cubic meters to its capacity, represented combined additional storage capacity of 46 thousand cubic meters to Ultracargo. This project was part of Ultracargo s expansion plan started in 2010, to increase its total storage capacity by 15%.

In November 2012, Oxiteno acquired American Chemical (current Oxiteno Uruguay), a Uruguayan specialty chemicals company, for R$107 million, in addition to the assumption of R$33 million in net debt. Oxiteno Uruguay s production capacity is 81 thousand tons per year, particularly sulfonate and sulfate surfactants for the home and personal care industries, as well as products for the leather industry. With the acquisition of Oxiteno Uruguay, Oxiteno continued the expansion of its international activities, initiated in 2003 and based on its deep knowledge of the technology for the production and application of surfactants and specialty chemicals and on a strong relationship with its customers.

In November 2012, Ipiranga entered the segment of electronic payment for tolls, parking and fuels through ConectCar. This initiative was driven by new rules implemented in 2012 to incentivize competition in this segment and combines the experience and complementarity of its partners, each with a 50% interest in the company. ConectCar fits into Ipiranga s strategy of differentiation, offering more products and services in its service station network focused on convenience and practicality, generating benefits for its clients, retailers and for the company itself. ConectCar started operations in April 2013 and operates in markets that have strong growth perspectives.

In May 2013, Ultracargo concluded an expansion in the terminal of Aratu, adding 22 thousand cubic meters, and in the terminal of Santos, adding 4 thousand cubic meters, totaling 26 thousand cubic meters of additional storage capacity.

In September 2013, we announced that we entered into an association agreement with Extrafarma, one of Brazil s top ten drugstore chains, marking our entry in the retail pharmacy business. In January 2014, at a shareholders meeting attended by shareholders holding 74.0% of our total capital, 99.8% of present shareholders approved a merger of shares of Extrafarma and our Company, pursuant to which

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Extrafarma became our wholly-owned subsidiary and Extrafarma former shareholders became shareholders of Ultrapar. See Item 4.A. Information on the Company History and Development of the Company Recent Developments Description of the Extrafarma Transaction and Exhibit 4.17 Summary of the Association and Other Covenants Agreement, dated September 30, 2013.

In January 2014, the subsidiary IPP renegotiated all of its loans with Banco do Brasil that would mature in 2014, in the principal amount of R$909.5 million, to extend their maturity dates to January 2017, and changed their respective interest rates to floating interest rate of 105.5% of CDI. Also in January 2014, the subsidiary Oxiteno Overseas renegotiated a foreign loan in the amount of US$60 million to extend its maturity to January 2017.

In January 2014, the subsidiary IPP made its second public issuance of public debentures in single series of 80,000 simple, nonconvertible into shares, unsecured, nominative and registered debentures, with face unit value of R$10,000.00. These debentures mature in December 2018, with payment of the face value in a lump sum at final maturity, and bear interest rate of 107.9% of CDI paid semi-annually.

In February 2014, Ultra S.A. s shareholders executed a new shareholders agreement which became effective as of that date and replaced the 2011 Ultra S.A. Shareholders Agreement. The Ultra S.A. shareholders agreement s main terms are substantially related to (i) the decision process of Ultra S.A. s vote at Ultrapar s shareholders meetings and (ii) procedures to exchange any party s shares in Ultra S.A. into shares of Ultrapar. The terms and conditions of the new shareholders agreement are substantially the same as the previous shareholder s agreement among the same parties effective since 2011, except, mainly, for the replacement of preliminary meetings among the agreeing parties for extraordinary shareholders meetings of Ultra S.A. to decide upon the vote of Ultra S.A. regarding certain matters in general shareholders meetings of Ultrapar. See Item 7.A. Major Shareholders and Related Party Transactions Major Shareholders Shareholders Agreements and Exhibit 2.13 2014 Ultra S.A. Shareholders Agreement, dated as of February 24, 2014.

Description of the Acquisition of Ipiranga Group

On March 19, 2007, Ultrapar, Petrobras and Braskem announced their intent to acquire the Ipiranga Group and that on March 18, 2007, Ultrapar had entered into, and Petrobras and Braskem had acknowledged, Ipiranga Group SPA with the Key Shareholders of the principal companies constituting of the Ipiranga Group. In connection with the acquisition of Ipiranga Group, Ultrapar acted on its own behalf and on behalf of Petrobras and Braskem pursuant to the Ipiranga Group Transaction Agreements. Ultrapar acted as a commission agent, under Articles 693 through 709 of the Brazilian Civil Code, for Petrobras and Braskem in the acquisition of the Petrochemical Business, and for Petrobras for the acquisition of Northern Distribution Business.

Following the acquisition, Ultrapar, which was already Brazil s largest LPG distributor, became the second largest fuel distributor in the country, with a 14% market share in 2007. Ultrapar believes that fuel distribution is a natural extension of LPG distribution as it has similar profitability drivers: logistics efficiency, management of a dealer network and leveraging a renowned brand. The rationale for the acquisition also included the attractive growth perspectives for the fuel distribution business in light of increased fuel consumption in Brazil in the recent past, principally due to increased national income, greater availability of credit and curbing unfair competitive practices, which cause the grey market to decline in relation to the formal market. After the completion of all steps of the acquisition of Ipiranga Group, its businesses were divided among Petrobras, Ultrapar and Braskem. Ultrapar retained the fuel and lubricant distribution businesses located in the South and Southeast regions of Brazil; Petrobras received the fuel and lubricant distribution businesses located in the North, Northeast and Midwest regions of Brazil; Petrobras and Braskem received the Petrochemical Business, in the proportion of 60% for Braskem and 40% for Petrobras.

For a more detailed discussion of the acquisition of Ipiranga Group, see our Form F-4 filed with the Commission on December 17, 2007.

Description of the Acquisition of União Terminais

In June 2008, Ultrapar announced that its subsidiary Ultracargo entered into a sale and purchase agreement for the acquisition of 100% of the shares of União Terminais held by Unipar. In October 2008, Ultrapar completed the acquisition in relation to the port terminals in Santos and Rio de Janeiro. In November 2008, it closed the acquisition of 50% of the total capital stock of União/Vopak held by Unipar, which owned a port terminal in Paranaguá. The total amount of the acquisition was R$519 million, which included the assumption of net debt of R$32 million on September 30, 2008.

União Terminais had two port terminals for storage and handling of liquid bulk, with total capacity of 119 thousand cubic meters. The main facility, located in Santos (in the state of São Paulo), has storage capacity of 102 thousand cubic meters and concluded an expansion that added 20% (21 thousand cubic meters) to its capacity. The main products handled in this terminal are fuels, ethanol and chemicals. The terminal located in Rio de Janeiro has a storage capacity of 17 thousand cubic meters and the main products handled in this terminal are chemicals and lubricants. União Terminais also held 50% of the total capital of União/Vopak, which owns a port terminal in Paranaguá (in the state of Paraná) with storage capacity of 60 thousand cubic meters for the handling of vegetable oil and chemical products.

The combination of its operations with those of União Terminais doubled the size of Ultracargo in terms of EBITDA, and made it the largest liquid bulk storage company in Brazil, strengthening its operating scale. With this acquisition, Ultracargo has increased its presence at the port of Santos, the largest Brazilian port, and is now strategically positioned in the ports of Rio de Janeiro and Paranaguá, where the company did not have operations.

Description of the Acquisition of Texaco

In August 2008, Ultrapar announced that its subsidiary SBP entered into a sale and purchase agreement with Chevron for the acquisition of 100% of the shares of CBL and Galena. Prior to the closing, Chevron s lubricant and oil exploration activities in Brazil were spun-off from CBL and Galena to other Chevron s legal entities.

On March 31, 2009, Ultrapar completed this acquisition and paid R$1,106 million to Chevron, in addition to the US$38 million deposit that it had made to Chevron in August 2008. In August 2009, Ultrapar also paid R$162 million related to the expected working capital adjustment, reflecting the increased working capital effectively received by Ultrapar on the closing date of the acquisition (as set forth in the sale and purchase agreement).

Texaco marketed fuel in the entire Brazilian territory, except for the state of Roraima, through a network of more than 2,000 service stations and directly to large clients, supported by a logistics infrastructure with 48 distribution terminals. Texaco s acquisition was part of Ultrapar s strategy to increase its operational scale in the fuel marketing business and expand its operations to the Midwest, Northeast and North regions of Brazil. The combination with Texaco created a nationwide fuel marketing business, with a 21% market share in 2009, strengthening its competitiveness through a larger operational scale. The addition of Texaco allowed, for example, improved efficiency and competitiveness in the distribution and sales processes, dilution of advertising, marketing and product development expenses and gains of scale in administrative functions. Additionally, Texaco s acquisition led to Ultrapar geographical expansion in the sector, allowing the company to reach regions with consumption growth above the national average, and brought new commercial opportunities arising from the national coverage.

After completion of the acquisition, Ultrapar implemented its business plan, which consisted of two main work streams (i) the integration of operations, administrative and financial functions of Texaco, and (ii) the implementation of Ipiranga s business model in the expanded network, with a wider range of products and services and a differentiated approach to its resellers. As of December 31, 2012, Ultrapar had also converted all the conversion of the acquired Texaco branded stations into the Ipiranga brand. Under the terms of the Ipiranga Group Transaction Agreements, Petrobras had the exclusive right to use Ipiranga s brand in the operating regions of the Northern Distribution Business for five years from the date of the acquisition of Ipiranga Group, which expired in March 2012. Until then, Ipiranga operated under the Texaco brand in those regions.

Extrafarma Transaction

Summary. On September 30, 2013 Ultrapar entered into an association agreement with Extrafarma, one of Brazil s ten largest drugstore chains. According to the terms of the agreement, Ultrapar and Extrafarma entered into an *incorporação de ações* (merger of shares), pursuant to which Ultrapar acquired 100% of the shares of Extrafarma in exchange for up to 2.9% of shares issued by Ultrapar to

Extrafarma s shareholders. The Extrafarma Transaction closed on January 31, 2014 with its approval by the Extraordinary General Meetings of Ultrapar and Extrafarma and, consequently, Extrafarma became a wholly-owned subsidiary of Ultrapar from February 1, 2014 onwards. The total consideration of the Extrafarma Transaction consisted of the issuance of up to 16,028,131 shares of Ultrapar and the assumption by Ultrapar of Extrafarma s net debt of R$106 million as of December 31, 2012.

Structure of the Extrafarma Transaction. Ultrapar acquired from the former seven shareholders of Extrafarma (who are the heirs of Extrafarma s founder) all of the shares of Extrafarma in exchange for 12,021,100 newly issued shares of Ultrapar, in accordance with Art. 252 of Brazilian Corporate Law, increasing our issued share capital to 556,405,096 shares. In addition, as a mechanism for possible adjustments related to contingencies whose triggering events occurred prior to the closing of the transaction, we issued subscription warrants to the former Extrafarma shareholders that, if exercised , could potentially lead to the issuance of up to 4,007,031 shares in the future, subject to adjustment based on numerous factors. Of the total possible shares that could be issued to the former Extrafarma shareholders upon exercise of the subscription warrants, Extrafarma s shareholders could receive up to 801,409 additional shares based on working capital adjustments and 3,205,622 shares based on absence of indemnification obligations.

On June 30, 2014, after assessing Extrafarma s working capital and indebtedness, we have determined that the subscription warrants related to working capital will not be exercised by the former shareholders of Extrafarma and, accordingly, we have reversed the full provision for the issuance of 801,409 shares related to such warrants, corresponding to R$42.1 million. In addition, we also recorded R$12.2 million in receivables under other receivables in current assets as of December 31, 2014 to reflect additional amounts payable to us by the former Extrafarma shareholders. The indemnification subscription warrants may still be exercised beginning in 2020, the value of which will be determined based on variations to provisions for fiscal, civil and labor risks and contingent liabilities related to the period prior to January 31, 2014. See Note 3.a to our consolidated financial statements and Item 18. Financial Statements for further information on the Extrafarma Transaction, including information on the business combination and goodwill, and Exhibit 4.18. Protocol and Justification of Incorporação de Ações (merger of shares).

Ultrapar s 12,021,100 shares issued and transferred to the former shareholders of Extrafarma are subject to lock-up agreements and become available for trading in phases: 33.5% immediately available for trading after the Closing, 8.3% became available in February 2015 and the remaining shares to be unlocked in four annual tranches of 8.3%, with a final tranche of 25% to be unlocked in the sixth year after the Closing.

Extrafarma became a wholly-owned subsidiary of Ultrapar, and the former shareholders of Extrafarma became long-term shareholders of Ultrapar, which we believe evidences their confidence in the growth potential of the sector and in the project to be developed by Ultrapar and Extrafarma. Mr. Paulo Correa Lazera, Extrafarma s shareholder and CEO, is in charge of our retail pharmacy business as its Chief Operating Officer and became a member of Ultrapar s executive board. See Item 6.A. Directors, Senior Management and Employees Directors and Senior Management.

Recent Developments

Renegotiation of financing

In March 2015, the subsidiary IPP entered into a foreign loan agreement in the amount of US$70 million, due in March 2017 and bearing interest of 2.0% p.a., paid semiannually. IPP contracted hedging instrument with floating interest rate in U.S dollar and exchange rate variation, changing the foreign loan charge to 99.5% of CDI.

Issue of debentures

In February 2015, Ultrapar made its fifth issuance of debentures in single series of 80,000 simple, nonconvertible into shares, approved, nominative and registered debentures, with unit par value of R$10,000.00, maturing three years from the date of issue (payment of the par value in a lump sum at final maturity) and accruing interest at a rate of 108.25% of CDI.

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Ultracargo Fire accident in Santos

On April 2, 2015, part of the storage facilities operated by Ultracargo in Santos, in the state of São Paulo, endured a nine-day fire that spread to six ethanol and gasoline tanks. The six tanks represented 4% of Ultracargo s overall capacity in Brazil as of December 31, 2014. There were no casualties and the cause of such accident and its impacts are still being investigated, including the extent of operational losses, damage to assets, potential environmental and other liabilities and reputational harm. We maintain insurance policies to cover certain risks to which we are exposed. See Item 4.B. Business Overview Insurance .

On April 9, 2015, the Santos municipal government suspended Ultracargo s activities in that city. Ultracargo s operations in Santos comprise two separate areas. On April 27, 2015, the authorization granted by the municipal government to Ultracargo to resume operations in the area not affected by the accident was published at the Santos Official Gazette (*Diário Oficial de Santos*). The still suspended operations correspond to 185 thousand cubic meters capacity, or 22.5% of Ultracargo s overall capacity in Brazil.

Until the date of this annual report, the state environmental agency, *Companhia de Tecnologia de Saneamento Ambiental* (CETESB) and the Santos municipal government had imposed fines on Ultracargo in connection with such event, totaling R$25 million. Part of this amount can be contested by Ultracargo. Ultracargo is currently conducting the preliminary assessments of the impacts of such accident that are not covered by our insurance policies.

Investments

We have made substantial investments in our operations over the last three fiscal years. At Ultragaz, we have invested in (i) small bulk LPG distribution (UltraSystem); (ii) the purchase and renewal of LPG bottles and tanks; and (iii) the strengthening and restructuring of our distribution logistics. We have also invested in the consolidation of our national coverage over the past three years. Investments at Ipiranga have been directed to (i) the expansion of the Ipiranga network of service stations, convenience stores and lubricant service shops, (ii) the expansion of its logistics infrastructure to support the growing demand, and (iii) the maintenance of its operations. Oxiteno has invested in (i) the expansion of production capacity, mainly for specialty chemicals in Brazil and Mexico, and the commencement of operations in the United States, (ii) the modernization of its industrial plants and (iii) the development of new products. Ultracargo has invested in the expansion and maintenance of its storage facilities in response to strong demand for logistics infrastructure in Brazil, including investments in capacity expansions at the Aratu and Santos terminals. In 2014, Extrafarma invested in the opening of new stores, maintenance and the construction of a new distribution center in the state of Ceará. See Item 4.A. Information on the Company History and Development of the Company. We have also invested in information technology at all our businesses for integrating processes, improving the quality of information, decreasing the response time in decision-making and improving our services.

The following table shows our organic investments (see definition in note 3 below) for the years ended December 31, 2014, 2013 and 2012:

	Year ended December 31,		
	2014	2013	2012
	(in millions of Reais)		
Ipiranga	810.0	758.3	914.0
Oxiteno	113.9	139.3	114.8
Ultragaz	180.5	150.9	157.1

Ultracargo	26.4	37.4	82.0
Extrafarma	57.1		
Others[(1)]	27.8	15.6	14.8
Total additions to property, plant, equipment and intangible assets	1,215.7	1,101.5	1,282.7
Financing and bonuses to our resellers[(2)]	4.6	(12.2)	27.6
Total organic investments[(3)], net of disposals	1,220.3	1,089.4	1,310.3

(1) Includes mainly capital expenditures related to corporate information technology and headquarters building maintenance.

(2) Financing and bonuses to our resellers, net of repayments. Bonuses are lump sum payments made by distributors to resellers. Resellers typically use these payments to improve their facilities or to invest in working capital. Financing for clients is included under working capital in the cash flow statement and bonuses are included under intangible assets.

(3) Organic investments consist of acquisitions of property, plant and equipment and intangible assets and financing and repayments to resellers, and do not include investments in acquisitions of subsidiaries and interest in other companies neither capital increases in joint ventures and associates.

In 2014, Ultrapar maintained its investment strategy focused on the continued growth of scale and competitiveness, better serving an increasing number of customers. Investments, net of disposals, totaled R$1,220 million in organic investments, R$720 million in the acquisition of Extrafarma and R$28 million of investments in ConectCar. At Ipiranga, R$815 million were invested as follows (i) R$354 million in the expansion of its service stations network (through the conversion of service stations and the opening of new ones) and am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$67 million in the expansion of its logistics infrastructure to support the growing demand, through the construction and expansion of logistics facilities, (iii) R$73 million in the modernization of its operations, mainly in the logistics facilities and information systems and (iv) R$321 million in maintenance of its activities, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R$810 million were related to property, plant, equipment and intangible assets and R$5 million were related to the financing to clients, net of repayments. For Oxiteno, the total investments in 2014 amounted to R$114 million, mainly in continuing the expansion of its production capacity in Coatzacoalcos, Mexico, as well as in the maintenance of its production facilities. At Ultragaz, R$181 million were invested, directed mainly to new customers of the bulk segment, renewal of LPG bottles and maintenance of the bottling facilities, plus R$10 million for the construction of a new bottling facility in São Luís (MA). In 2014, Ultracargo invested R$26 million, mainly directed towards modernization and maintenance of terminals. Extrafarma invested R$57 million in the opening of new stores, maintenance and the construction of a new distribution center in the state of Ceará.

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Ultrapar s investment plan for 2015, approved by the Board of Directors, excluding acquisitions, amounts to R$1,418 million, which demonstrates our continued belief that there exist good opportunities to grow through increased scale and productivity gains, as well as modernization of existing operations. Out of the total, R$922 million will be invested by Ipiranga and will be divided up accordingly: (i) R$357 million to maintain the pace of expansion of its distribution network (through the conversion of unbranded service stations and the opening of new ones) and of am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, and in new distribution centers to supply the convenience stores, (ii) R$75 million in the expansion of its logistics infrastructure to support the growing demand, mainly through the construction of logistics facilities, and (iii) R$142 million in modernization, mainly in logistics facilities and IT systems and (iv) R$348 million in the maintenance of its activities, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Oxiteno plans to invest R$121 million primarily in the maintenance of its production plants. Ultragaz plans to invest R$187 million to capture new customers in the bulk segment, and in the construction, expansion and maintenance of bottling facilities. Ultracargo plans to invest R$49 million, especially in the modernization, adjustment and maintenance of the infrastructure of its existing terminals and in the potential expansion of the Itaqui terminal, which shall start operating in 2016. Finally, in Extrafarma R$112 million in investments are planned, mainly in the acceleration of new drugstore openings and in the maintenance of its activities.

Equity investments

The table below shows our equity investments (see definition in note 7 below) for the years ended December 31, 2014, 2013 and 2012:

	Year ended December 31,		
	2014	**2013**	**2012**
Ipiranga	28.5[(1)]	23.3[(2)]	4.1[(1)]
Oxiteno		6.2[(3)]	100.5[(4)]
Ultragaz			
Ultracargo			68.2[(5)]
Acquisition of Extrafarma	719.9		
Total equity investments[(6)]	748.4	29.5	172.8

(1) Capital invested in ConectCar.

(2) Capital invested in ConectCar (R$24.9 million), net of capital reduction in the affiliated Transportadora Sulbrasileira de Gás S.A. (R$1.5 million). See Item 4.A. Information on the Company History and Development of the Company.

(3) Working capital and net debt closing adjustments relating to the acquisition of American Chemical. See Item 4.A. Information on the Company History and Development of the Company.

(4) Investments made in connection with the acquisition of American Chemical, net of proceeds from the sale of Oxiteno s catalyst production unit. See Item 4.A. Information on the Company History and Development of the Company.

(5) Investments made in connection with the acquisition of Temmar. See Item 4.A. Information on the Company History and Development of the Company.

(6) Equity investments consist of investments with acquisition of subsidiaries and interest in other companies and capital increases in joint ventures and associates.

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We have also made several acquisitions and related investments to maintain and create new opportunities for growth and to consolidate our position in the markets in which we operate.

In July 2012, Ultracargo acquired Temmar, and in November 2012, Oxiteno acquired American Chemical. See Item 4.A. Information on the Company History and Development of the Company. The acquisition of Temmar marked the entry of Ultracargo in the port of Itaqui, in the state of Maranhão, and enhanced its operational scale, strengthening its position as a provider of storage for liquid bulk in Brazil and adding 8% to the company s current capacity at the time.

With the acquisition of American Chemical in 2012, Oxiteno continued the expansion of its international activities, initiated in 2003 and based on its knowledge of the technology for the production and application of surfactants and specialty chemicals and on a strong relationship with its customers.

In November 2012, Ipiranga formed a joint venture to operate in the segment of electronic payment for tolls, parking and fuels ConectCar. See Item 4.A. Information on the Company History and Development of the Company.

The Extrafarma Transaction closed on January 31, 2014 and, accordingly, Ultrapar started to consolidate the equity investment related to Extrafarma as from such date.

We are a Company incorporated under the laws of Brazil. Our principal executive office is located at Brigadeiro Luís Antônio Avenue, 1343, 9th Floor, 01317-910, São Paulo, SP, Brazil. Our telephone number is 55 11 3177 7014. Our Internet website address is http://www.ultra.com.br. Our agent for service of process in the United States is C.T. Corporation System, located at 111 Eighth Avenue, New York, New York 10011.

B. Business Overview

Ultrapar is a Brazilian Company with more than 75 years of history, with leading positions in the markets in which it operates: specialized distribution and retail through Ultragaz, Ipiranga and Extrafarma, production of specialty chemicals through Oxiteno and liquid bulk storage services through Ultracargo. Ultragaz is the leader in LPG distribution in Brazil with a 23% market share in 2014 and one of the largest independent LPG distributors in the world in terms of volume sold. We deliver LPG to an estimated 11 million households using our vehicle fleet and a network of approximately 4,900 independent retailers in the bottled segment and to approximately 48 thousand customers in the bulk segment. Ipiranga is the second largest fuel distributor in Brazil, with a network of 7,056 service stations and a 21% market share in 2014. Oxiteno is one of the largest producers of ethylene oxide and its main derivatives in Latin America, a major producer of specialty chemicals and the sole producer of fatty-alcohols and related by-products in Latin America. Oxiteno has eleven industrial units in Brazil, Mexico, the United States, Uruguay and Venezuela and commercial offices in Argentina, Belgium, China and Colombia. Ultracargo has a leading position in its sector, being the largest provider of storage for liquid bulk in Brazil, with seven terminals and a storage capacity of 824 thousand cubic meters as of December 31, 2014. Extrafarma is one of the leading drugstore chains in Brazil, with operations in the North and Northeast of Brazil, with 223 drugstores and two distribution centers in December 2014. The Extrafarma Transaction closed on January 31, 2014 and, accordingly, Extrafarma s results of operations were consolidated into Ultrapar s results of operations as from February 1, 2014. See Item 4.A. Information on the Company History and Development of the Company Recent Developments Description of the Extrafarma Transaction.

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The following chart simplifies our organizational structure as of the date hereof, showing our principal business units. For more detailed information about our current organizational structure, see Item 4.C. Information on the Company Organizational Structure.

Our Strengths

Leading market positions across businesses

Ultragaz is the largest LPG distributor in Brazil. In 2014, Ultragaz s national market share was 23%, serving approximately 11 million homes in the bottled segment and approximately 48 thousand customers in the bulk segment. For the year ended December 31, 2014, Ultragaz s total volume of LPG sold was 1.7 million tons.

Ipiranga is the second largest fuel distributor in Brazil with a 21% market share in 2014, and a network of 7,056 service stations as of December 31, 2014. In addition to the service stations, Ipiranga s network has more than 3 thousand am/pm convenience stores and Jet Oil franchises. In 2014, Ipiranga focused on its strategy of expansion to the North, Northeast and Midwest regions of Brazil, where the consumption growth rate has been above the national average and the market share of Ipiranga is lower than that in the South and Southeast. The implementation of Ipiranga s business model in its service station network allows it to offer a broad range of products and services, which benefits consumers and resellers. The volume sold by Ipiranga in 2014 was 25.6 million cubic meters.

Oxiteno is the largest producer of ethylene oxide and its principal derivatives in Latin America as well as a major producer of specialty chemicals. Our chemical operations supply a broad range of market segments, particularly crop protection chemicals, food, cosmetics, leather, detergents, packaging for beverages, thread and polyester filaments, brake fluids, petroleum and coatings. For the year ended December 31, 2014, Oxiteno sold 780 thousand tons of chemical products. In Brazil, Oxiteno competes principally against imports.

Ultracargo is the largest provider of storage for liquid bulk in Brazil, with seven terminals and storage capacity of 824 thousand cubic meters as of December 31, 2014, with leading positions in the main ports in Brazil.

Extrafarma is one of the leading drugstore chains in the region where it operates, in the North and Northeast of Brazil, with 223 drugstores as of December 31, 2014.

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Robust business portfolio

Our operations encompass LPG and fuel distribution, operation of a drugstore chain, the production of ethylene oxide and its derivatives and liquid bulk storage services. We believe our businesses provide us with increased financial capability and flexibility. Our business mix makes us less vulnerable to economic fluctuations and allows us to pursue growth opportunities as they arise in any of our business segments.

Ultrapar s businesses are simultaneously resilient and leveraged on the Brazilian economic growth. Certain of Ultrapar s businesses, such as LPG for residential use and fuels for light vehicles, are of a resilient nature and, therefore, are less volatile to economic downturns. Other Ultrapar s businesses such as sales of diesel, specialty chemicals and bulk LPG are linked to economic performance and tend to boost volumes during periods of strong economic growth.

Bottled LPG is an essential good, as it is mainly used for cooking, and, therefore, has a lower correlation with economic performance. Volume of fuels for light vehicles tends to grow linked to the number of light vehicles in Brazil. The Brazilian light vehicle fleet grew at approximately 6% to 8% per year during the last five years, despite the volatility in the economic growth during this period, leading to a similar level of growth in the volume of fuels for light vehicles. On the other hand, diesel, specialty chemicals and bulk LPG sales growth have been historically correlated to the performance of the Brazilian economy.

Highly efficient LPG distribution network

Ultragaz is the only LPG distributor in Brazil with an exclusive network of independent dealers. This network is constituted of approximately 4.9 thousand dealers who sell Ultragaz LPG bottles. This has enabled Ultragaz to control the quality and productivity of its dealers leading to a strong brand name recognition that we believe is associated with quality, safety and efficiency, and also to have frequent contact with LPG customers. In addition, Ultragaz was the first player to introduce LPG small bulk delivery in Brazil, with lower distribution costs than bottled distribution. Over the years, it has built a strong client base in this segment.

Efficiencies in retail network logistics in addition to resale management know-how

We believe that the expertise in logistics and resale management that we have gained at Ultragaz is complemented by Ipiranga s know-how in the same areas, thus maximizing efficiency and profitability at both companies.

Differentiated positioning in the fuel distribution sector

We believe that Ipiranga has a differentiated positioning in its sector, supported by a strong brand and ample coverage of products and services at its service stations to increase the convenience of the customer. These services and products include convenience stores, lubricant-changing service shops, electronic payment, Ipiranga-branded credit cards, and a set of initiatives that aim at enhancing customer s convenience and loyalty.

Flexibility across the petrochemical cycle

Oxiteno is the largest producer of ethylene oxide and its principal derivatives in Latin America. In 2014, 98% of its ethylene oxide production was used internally in the production of ethylene oxide derivatives, which can be classified in two groups: specialty and commodity chemicals. Oxiteno is a major producer of specialty chemicals, which have traditionally higher margins and less exposure to petrochemical cycles than commodity chemicals. Oxiteno has also been heavily investing in the development of products derived from renewable raw materials, such as those produced at its oleochemicals unit, aiming at reducing its dependence on oil-based feedstock and expanding its product portfolio.

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Cost-efficient operations

Oxiteno s operations have a high degree of production efficiency derived from a scale that we believe is similar to that of the largest producers in the world. Ultragaz has significant market presence in densely populated areas, which allows it to operate its filling plants and distribution system with a high level of capacity utilization and efficiency. Ipiranga also has a significant market presence in the South and Southeast regions of Brazil, which allows it to operate its extensive network of primary and secondary storage terminals and its distribution system in a cost-efficient manner. After the consolidation of Texaco and DNP and the network expansion through the opening of new gas stations and the conversion of unbranded service stations, the increased scale of Ipiranga allowed improved efficiency and competitiveness in the distribution and sales processes, dilution of advertising, marketing and new product development expenses, and gains from economies of scale in administrative functions. Extrafarma also has a significant market presence in the regions it operates (North and Northeast of Brazil), allowing it to distribute more efficiently its products to its drugstores.

Strong operational track record

Our Company has exhibited a solid operational track record. Our EBITDA presented an average compound annual growth of 20% from 1998 to 2014, in spite of the overall macroeconomic volatility in Brazil and in the world during this same period. See Item 3.A. Key Information Selected Consolidated Financial Data for more information about EBITDA. Our net income attributable to shareholders of the Company presented average compound annual growth of 23% from 1998 to 2014.

Experienced management team

We are led by a strong and experienced management team with a proven track record in the LPG and fuel distribution, petrochemical and specialized logistics industries. Our senior management team possesses on average almost 20 years of experience in the Company.

Alignment of interests

The members of Ultrapar s management are relevant shareholders of Ultrapar and have variable compensation linked to performance and value generation to shareholders measured by Economic Value Added (EVA®) growth targets. Moreover, Ultrapar has consistently implemented improvements in corporate governance, such as being the first Brazilian Company to grant 100% tag along right to all its shareholders, the separation of the roles of Executive Officer and Chairman of the Board of Directors and the constant and transparent interaction with the capital market. Ultrapar is also a founding member of the Latin American Corporate Governance Roundtable Companies Circle, a group dedicated to promoting corporate governance in Latin America.

In 2011, Ultrapar completed the implementation of its new corporate governance structure, further aligning our shareholders interests by converting all preferred shares into common voting shares. The Conversion resulted in all of our shares having identical voting rights, which allows our shareholders to actively participate in the decisions of the shareholders meeting, without (i) any limitation on voting rights, (ii) special treatment to current shareholders, (iii) required public tender offers for prices greater than the acquisition price of a controlling interest or (iv) any other poison pill provisions.

Our Strategy

Build on the strength of our LPG and fuel distribution brands

Our LPG and fuel distribution businesses have a high brand recognition associated with quality, safety and efficiency. We intend to reinforce this market perception by continuing to supply high-quality products and services and to introduce new services and distribution channels.

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Maintain a strong relationship with our resellers in the LPG and fuel distribution business

We intend to preserve our strong relationship with dealers by keeping their distribution exclusivity and continuing to implement our differentiated incentive programs in Ultragaz and Ipiranga. We plan to continue to invest in training our dealers, in order to maximize efficiency, to further strengthen our relationship and to promote the high standards of our distribution network. In parallel, we plan to continue to increase our operational efficiency and productivity at Ultragaz and Ipiranga.

Continuously improve cost and capital efficiency in the LPG and fuel distribution

We plan to continue to invest in the cost and capital efficiency of our distribution systems. Current initiatives include enhanced discipline with respect to our capital allocations and programs to revise Ultragaz s distribution structure.

Increase market share in fuel distribution

Our sales strategy is to increase Ipiranga s market share by converting unbranded stations to Ipiranga s brand and by opening new service stations, focusing on the Midwest, Northeast and North regions of Brazil, where we have lower market share and where consumption growth is higher than the national average, given the lower car penetration and faster-growing household income in these regions. Ipiranga s strategy also includes expanding its logistics infrastructure to support the growing demand for fuels in Brazil and initiatives aiming at differentiating our products and services.

Promote and benefit from the formalization of the fuel distribution market

We plan to continue to collaborate with the competent authorities to promote improvements to legislation and to enhance regulatory enforcements in the fuel distribution sector as means of creating a level playing field in the market, increasing sales volume in the formal market and improving our gross margin, thus reducing the competitiveness of players which benefited from cost advantages derived from unfair practices.

Enhance retail network

Ipiranga s strategy is strongly focused on differentiation and innovation. This focus has translated to the creation of new market niches through its reseller network characterized by customer service and convenience, thus contributing to high levels of customer loyalty. We believe these initiatives result in a better value proposition for customers and resellers, creating benefits for the whole chain the client has access to differentiated, more convenient products; the reseller has a more attractive business; and the service station has differentiated positioning, contributing to the evolution of the company s results.

Ipiranga s *Posto Ecoeficiente* project (Eco-Efficient service station) is one of the initiatives that reflect this strategy. This project offers solutions in the construction and operation of service stations intended to improve the use of resources such as water and electricity and to reduce waste and residues, therefore improving the profitability of these stations and benefiting our resellers. Ipiranga ended 2014 with 924 eco-efficient services stations operating.

In 2010, also as part of its differentiation strategy, Ipiranga opened bakeries within its am/pm stores and became Brazil s largest bakery franchise chain. Over the year, it developed a new image, further strengthening the perception of being a convenience center always close to its consumer. Over the following years, Ipiranga expanded its bakery chain, which was enabled by the successful acceptance by customers. In addition, Ipiranga increased its strategic partnerships to broaden the scope of the *Km de Vantagens* loyalty program and, accordingly, the benefits for its clients and resellers, including partners in the areas of entertainment, tourism and magazines, among others.

In 2011, Ipiranga was the first distributor to launch online sales of fuel. This initiative allows clients to purchase credits of fuel through its website. With these credits, clients are able to purchase fuel at any of the Ipiranga s accredited service stations. Participants of the *Km de Vantagens* program who purchase credits online can get a discount on the credit price, which represents another benefit for client loyalty. In 2014, *Km de Vantagens*, the largest loyalty program in Brazil, reached over 18 million clients.

In November 2012, Ipiranga entered the segment of electronic payment for tolls, parking and fuels through ConectCar. Once installed on a vehicle s windshield, ConectCar s tag automatically opens toll gates at lower costs through a prepaid system with free enrollment. In addition, the tag may be used to purchase fuel as well as accumulate and redeem points of the *Km de Vantagens* program, points which will be acquired by ConectCar from Ipiranga. The client can buy the tag at Ipiranga s service stations, using the points of the loyalty program *Km de Vantagens*. At the end of 2014, ConectCar reached approximately 350 thousand customers, and is now available in almost all toll roads in Brazil.

In 2013, Ipiranga developed *Ipiranga Frotas* , a fleet management service offered to qualified corporate clients to improve their fuel consumption. The system allows clients to better monitor and manage their fleet of vehicles remotely over the internet and is provided by Ipiranga free of charge. Participating clients are granted discounts in the purchase of fuel within the Ipiranga network and other benefits, which we believe will ultimately enhance Ipiranga brand loyalty and improve fuel sales.

In addition, in 2014 Ipiranga expanded its online service station, *Posto Ipiranga na Web* (Ipiranga service station on the web), launched in 2011, pursuant to which end customers are able to acquire credits of fuel over the internet and use them at accredited service stations. Also in 2014, the convenience stores am/pm increased its private label lines.

In order to create value to its am/pm convenience stores clients and franchisees, Ipiranga launched in 2014 its own supply solution. This solution will concentrate logistic, selling and service to am/pm convenience stores in one single structure. This initiative aims to facilitate am/pm operations, improve the competitiveness of franchisees and ensure a higher quality product assortment. At the end of 2014, the new am/pm supply solution handled products from suppliers such as Coca-Cola, Inbev, Nestlé, Mondelez, Heineken and supplied stores in the states of Rio de Janeiro and Espírito Santo.

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In 2014 Ipiranga also launched a new beer´s purchase experience at am/pm convenience stores. The Beer Cave is a refrigerated container that stores more than 100 national and international brands of cold beers, ready to be taken away. Ipiranga ended the year with 104 Beer Caves installed in its franchisees premises.

Expand our operations in regions that grow above the national average

Extrafarma currently operates exclusively on the North and Northeast regions of Brazil. The company s organic expansion plan is primarily focused on the consolidation of the presence in these regions, where GDP and household income have grown above the Brazilian average, consequently increasing population´s access to health care programs, to medicines and to personal care and beauty products.

Ipiranga s expansion strategy is focused on the Midwest, Northeast and North regions of Brazil, where we have lower market share and where consumption growth has been higher than the national average, given the lower car penetration and faster-growing household income in these regions.

Ultragaz is investing in the construction of a new bottling facility in São Luís (MA), a region in the Northeast of the country in which demand for bottled LPG presents growth above the national average.

Take advantage of opportunities in the retail pharmacy business to expand our growth

On January 31, 2014, we concluded the Extrafarma Transaction, which marked our entry into Brazil s retail pharmacy business. The Brazilian retail pharmacy segment is a relevant market in Brazil and during the last several years has presented significant growth. We believe the outlook of the retail pharmacy business in Brazil remains favorable mainly due to (i) the aging population; (ii) higher levels of disposable income among consumers; (iii) greater access to medicines, especially due to the growing prominence of generic drugs; and (iv) growing demand for personal care and beauty products. In addition, consolidation of the sector, supported by increasing formalization and consequent investments, is still in the incipient stages, and we intend to participate in this process.

We intend to accelerate Extrafarma s expansion plan through (i) increasing its investment capacity, (ii) expanding its distribution network through the potential opening of drugstores at Ipiranga s service stations and Ultragaz s resellers, which together have over 12 thousand retail outlets; and (iii) strengthening its management structure through the implementation of Ultrapar s recognized corporate governance practices and incentives-based model aimed at the alignment of interests. Through the integration of sites and product, service and convenience offering we intend to develop business models that are continuously more attractive to Extrafarma s, Ipiranga s and Ultragaz s consumers, thus increasing differentiation potential in each of these businesses.

Invest in niche segments for LPG distribution

Ultragaz is strengthening its presence in the North and Northeast regions of Brazil by focusing on expanding to states, such as Pará and Maranhão, where it did not use to have significant operations and where LPG consumption is growing faster than Brazil s national average rate.

For the bulk segment, Ultragaz strategy is focused on two areas. The first one is offering its clients in industrial and agribusiness segments new applications for LPG. As a result, Ultragaz aims at expanding its participation in the use of LPG for localized heating, such as pre-heating of industrial furnaces, especially in steel and metallurgical plants, and in new applications in agribusiness, such as drying grains and plague control, with greater operational and economic efficiency.

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The second one is to invest in the expansion of the bulk LPG distribution to small- and medium-sized businesses, such as laundry shops, restaurants, bakeries, residential condominiums, on the basis of agile and convenience services.

Expand capacity at Oxiteno

We intend to maintain Oxiteno s production capacity ahead of demand in Brazil. We also plan to continue our efforts to apply the best global practices to Oxiteno s plants and production processes with a view to remain technologically competitive.

Continue to enhance product mix at Oxiteno

We increased Oxiteno s capacity to produce a variety of value-added ethylene oxide derivatives and other specialty chemicals in order to optimize its sales mix across petrochemical cycles. Oxiteno s investments in research and development have resulted in the introduction of 57 new products during the last three years. Oxiteno will continue to invest in research and development focused on developing new products to meet clients needs. In addition, we intend to continue to focus Oxiteno s sales in the Brazilian market, which allows us to have higher margins.

Maintain financial strength

We seek to maintain a sound financial position to allow us to pursue investment opportunities and enhance our shareholders return on their investment in our Company. Our net debt (consisting of loans, debentures and financial leases recorded as current and non-current liabilities, net of cash and cash equivalents and financial investments) as of December 31, 2014 was R$3,975 million, representing a 1.3 times net debt (consisting of loans, debentures and financial leases recorded as current and non-current liabilities, net of cash and cash equivalents and financial investments) to EBITDA ratio. We have been consistently distributing dividends to our shareholders. During the five years ended December 31, 2014, we have declared yearly dividends representing an average of 61% of our net income.

Continue to grow our businesses

Our principal corporate goals are to enhance shareholder value and to strengthen our market presence by growing our businesses. Historically, we have grown our businesses organically and through acquisitions, such as the acquisitions of Shell Gás, Ipiranga, União Terminais, Texaco, DNP, Repsol, Temmar American Chemical and Extrafarma, and we intend to continue this strategy.

We have also made several investments in the expansion of our existing operations. In Oxiteno, in the last five years ended December 31, 2014, we invested in the expansion of our production capacity focusing on specialty chemicals including investments outside Brazil in Mexico, the United States and Uruguay. In Ipiranga, organic investments were mainly directed to the expansion of our resellers network and logistics infrastructure. In Ultracargo, investments were made to increase the capacity of our terminals in Suape, Santos and Aratu. We constantly analyze acquisition opportunities in the segments in which we operate and in complementary segments that could add value to our Company.

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Key Financial Information

The table below sets forth certain financial information for us and our principal businesses:

	Year ended December 31,				
	2014	2013	2012(5)	2011(5)	2010(5)
	(in millions of *Reais*)				
Net revenue from sales and services(1)					
Ultrapar	67,736.3	60,940.2	53,868.9	48,628.7	42,469.7
Ultragaz	4,091.3	3,982.3	3,847.1	3,776.8	3,661.3
Ipiranga	58,830.1	53,384.1	46,829.4	42,221.6	36,478.7
Oxiteno	3,413.6				