



Annual Report 2007

Ultrapar | Focus on growth



Focus on growth

To expand, to grow, to outdo itself. The goal to evolve in a continuous, sustainable and responsible manner. Ultrapar's horizons are never ending. For over 70 years Ultrapar has built a path of solid leadership, productivity and efficiency. A story of stealth and growth for Brazil. In line with the development of the country, every year new business levels are achieved. Planning, simplified processes and new business growth improve the company's recognition,

market share and brand awareness. Each new step brings results, opportunities and benefits, as well as value.

As innovation combines with expertise, creativity with excellence, technology with talent and strategic vision with future possibilities, the challenge of growth is taken further. And the path to success will be trodden through the quest for perfection, determination, focus and confidence to proceed.



For Ultrapar today, more than just a goal, the continuous quest for perfection is an attitude, which becomes a commitment to each and every one of our stakeholders, the community and the environment. This is what gives Ultrapar motivation and position as leaders.

Nowadays, every movement must be new, quick and vigorous. The market demands attention, and our

pioneering, state of the art and agility. And so, with renewed outlook, the company directs its activities towards better practices and the promotion of successful investment, management and value generation models. These achievements stem from a solid structure and from the pursue for operational excellence as well as from the relationships with society and professionals, who are completely committed to common objectives.



Institutional profile

REACHING A NEW LEVEL

Ultrapar is one of Brazil's largest and most solid economic groups. It has operations in Brazil, Mexico, Argentina, United States and Venezuela, enjoying an outstanding position in the three sectors in which its business units operate: distribution of fuel through Ipiranga and Ultragas, production of chemicals through Oxiteno and integrated logistics solutions for special bulk cargo through Ultracargo. In 2007, Ultrapar acquired the fuel distribution operations of the Ipiranga Group in the South and Southeast regions of Brazil, with the main purpose of broadening the scope of its activities in the fuel distribution sector. Ultrapar, which was already the largest distributor of LPG (liquefied petroleum gas, or cooking gas) in Brazil through Ultragas, became the second largest player in the fuel distribution business, with a market share of approximately 14% through Ipiranga.

Ultrapar's operations are founded on constantly improving its results and achieving excellence on its operations. National and international certifications in the environmental, health and quality areas, as well as intense programs for the development and training of its employees, attest to the company's commitment to its stakeholders and to society as a whole. Management tools such as Economic Value Added (EVA®) and Balanced Scorecard (BSC®) are used on a day-to-day basis, accelerating the company's consistent and sustainable growth.

The company has a long track-record of financial soundness, which is reflected in its credit ratings. The credit rating agency Moody's classifies Ultrapar as Baa3 corresponding to the investment grade. Standard & Poor's rates Ultrapar as BB+, one notch below investment grade, with positive outlook.

Its shares are traded on the São Paulo Stock Exchange (BOVESPA) and its ADRs (American Depositary Receipts) are traded on the New York Stock Exchange (NYSE) since 1999. Ultrapar complies with the requirements of the Sarbanes-Oxley Act (SOX), which regulates control and transparency mechanisms in the management of companies listed in the United States, in addition to meeting the requirements of Brazilian regulatory bodies. In 2007, Ultrapar obtained SOX certification under Section 404, which attests to the efficiency of its internal controls with regard to the company's financial information. After the completion of the Ipiranga's share exchange, Ultrapar became part of the BOVESPA Index (Ibovespa) and the MSCI (Morgan Stanley Capital International) index, of major importance in international financial markets. Ultrapar ended 2007 with a market capitalization of approximately R\$ 9 billion, 115% higher than at the end of 2006, as a consequence of the appreciation of its shares and the issue of new shares in 2007.

Ultrapar aims to constantly develop its corporate governance and was the first Brazilian company, back in the year 2000, to grant all its shareholders 100% tag along rights, a provision that guarantees equal treatment to all shareholders in the event of a change of control in the company. More recently, the company took another step in constantly evolving its corporate governance, in deciding to join Level 2, moving up in the scale of BOVESPA's differentiated levels of corporate governance.

Message from the management



The initiatives taken throughout 2007, including the acquisition of Ipiranga, have once more shown our commitment to sustainable growth and to generating value, and our deepest respect regarding all the people connected to our company – employees, shareholders, community, clients and suppliers.



Ultrapar's executive board

1. **Pedro Wongtschowski**
Chief Executive Officer of Ultrapar
2. **Pedro Jorge Filho**
Chief Executive Officer of Ultragaz
3. **André Covre**
Chief Financial and Investor Relations Officer

4. **Eduardo de Toledo**
Chief Executive Officer of Ultracargo
5. **Leocádio de Almeida Antunes Filho**
Chief Executive Officer of Ipiranga
6. **João Benjamin Parolin**
Chief Executive Officer of Oxiteno

Planning becomes reality

In the last few years we have intensified our focus on the growth of Ultrapar, whether through speeding up investment in organic expansion, through acquisitions in the business areas in which we operate or in complementary ones. In 2007, when we celebrated 70 years of history, we took a major transformation step with the acquisition of Ipiranga. As a result, we have given a considerable boost to our sustainable growth pattern and have made progress in our project to expand our presence in the capital markets.

In one of the largest private-sector acquisitions in Brazilian history, we acquired the fuel distribution businesses of the Ipiranga Group in the South and Southeast regions of Brazil, together with the Ipiranga brand name, achieving a new level of size and scale and generating several benefits and growth opportunities for Ultrapar. The acquisition of Ipiranga is aligned with Ultrapar's growth strategy in the fuels distribution segment, in which we already operated through Ultragas with the distribution of LPG. The distribution of automotive fuel is an activity which has the same profitability and success drivers of LPG distribution: a major brand, efficient logistics and excellence in the management of resellers network. The potential growth in fuel sales, the expected gains in operational and management efficiency and the greater investment capacity as a consequence of the simplification of the shareholding structure of the Ipiranga Group and swifter decision making process under Ultrapar's management were determining factors in deciding to make this acquisition.

At Ultrapar we are always striving to achieve more and to do things better, in a simple and flexible way, generating value for our shareholders. With this principles in mind, we perceive substantial value generation through this acquisition, based on the simplification of Ipiranga's corporate structure and on a more flexible and simpler decision making process, which will allow us to take better advantage of new business opportunities by

increasing investment capacity of Ipiranga. The complexity of Ipiranga's shareholding structure and the size of the acquisition have also brought us challenges, given that the former Ipiranga Group consisted of various companies with cross-shareholdings, four of which had shares listed on the São Paulo stock exchange – BOVESPA. As part of the acquisition process we carried out two capital market transactions: public offering for the acquisition of shares, respecting the tag along rights of minority shareholders as a result of the transfer of control of Ipiranga and the exchange of Refinaria de Petróleo Ipiranga (RPI), Distribuidora de Produtos de Petróleo Ipiranga S.A. (DPPI) and Companhia Brasileira de Petróleo Ipiranga (CBPI) shares for preferred shares of Ultrapar.

These share exchanges resulted in: (i) greater alignment of the interests of all companies' shareholders (ii) an increase in the liquidity of Ultrapar's shares as a result of the expansion of the shareholder base, due to the concentration of all the listed companies of the Ipiranga Group into one single company, Ultrapar, with shares traded on the São Paulo Stock Exchange (BOVESPA) and the New York Stock Exchange (NYSE), and (iii) the extension of Ultrapar's recognized corporate governance standards to all shareholders of RPI, DPPI and CBPI, particularly in respect to the 100% tag along rights for the preferred shares.

We successfully concluded the exchange offer of RPI, DPPI and CBPI shares for Ultrapar preferred shares in December 2007, with the issue of 55 million preferred shares, taking Ultrapar's free float up from 32 million shares to 87 million, increasing it to 64% of the company's total capital. This significant increase in the free float also made Ultrapar become part of the Ibovespa and MSCI indexes, the latter being of major importance in international financial markets.

In 2007, we continued to execute our strategy at Oxiteno, Ultragas and Ultracargo, proceeding with investment in their expansion plans aiming to strengthen



The separation of the roles of Chairman of the Board and Chief Executive Officer, which took place at early 2007, was successfully achieved. Paulo Cunha began to exclusively dedicate himself to be the Chairman of the Board, while Pedro Wongtschowski took over the role of Chief Executive Officer with the responsibility of managing Ultrapar's businesses maintaining the company's sustainable growth.

growth through increased scale, differentiated technology and the optimization of costs and expenses. Following the acquisition, we also began to implement our business plan at Ipiranga, which resulted in a 51% increase in our EBITDA compared to 2006, taking Ultrapar's results up to a new level.

At Ultragas investments during 2007 were directed primarily to UltraSystem, our system to sell LPG in bulk to the commercial and industrial sectors, segments in which Ultragas is the leader due to its pioneering approach and its competitive advantages such as reliability, responsiveness and availability. These investments resulted in significant growth in this segment, which also benefited from the improved performance of the economy. Additionally, we sought to achieve growth through prospecting opportunities in market niches. One initiative in this direction was the decision to expand operations in the area of specialty gases through the inclusion of dimethyl-ether (DME) in our gas product portfolio. Ultragas, which is already the market leader in the supply of butane and propane for use in the propellant market will be adding DME to its product portfolio. DME is considered to be a differentiated product in terms of its lower cost of formulation and packaging, while having environmental benefits. Currently a large portion of the propellants consumed in Brazil applied in the cosmetics segment is imported and Ultragas plans to capture this market substituting imports for its own products.

To this end, the company signed a long-term exclusive contract, which allows for the construction of a DME plant in Brazil. In November 2007 we also announced that Ultragas will be strengthening its presence in the Northeast and North regions of Brazil, selling LPG in Maranhão and Pará, states where the company has not had a major presence, aiming to capitalize on the growth of LPG consumption in these regions, which is above the national average. This initiative, in addition to increasing our sales volume will also provide Ultragas with a better market positioning in relation to the competition.

Under Ultrapar's management Ipiranga invested R\$ 144 million, particularly in the expansion of its dealer network, both through the re-branding of existing fuel service stations as well as the opening of new ones. In 2007 Ipiranga has already benefited from a more flexible decision making process, resulting from the management model implemented by Ultrapar. Examples of this greater flexibility include the launching of the Cartão Carbono Zero (Zero Carbon Credit Card), which was launched within less than 3 months from its conception, and the greater speed in the re-branding and opening of fuel service stations – in 2007 Ipiranga either re-branded or opened almost double the amount of fuel service stations compared to the previous year.

At Oxiteno, we invested R\$ 453 million in 2007, specially in the expansion of production capacity in Brazil, a major

part of which will begin operations in 2008. In addition, we have strengthened Oxiteno's position in the Americas with the opening of commercial offices in Argentina and the United States and acquisitions in Mexico and Venezuela. In Mexico, Oxiteno acquired the operational assets of Unión Química, becoming leader in the Mexican specialty chemicals market. In Venezuela, the only ethylene oxide producing country in Latin America where Oxiteno did not have operations, the acquisition of Arch Química Andina, a producer of specialty chemicals, apart from expanding Oxiteno's ethoxylate production capacity will also provide it with a strong presence in the Andean market and will allow Oxiteno to source raw materials at competitive prices.

Ultracargo, which over the last few years has been preparing itself for a faster pace of growth, started in 2007 to reap the benefits of its investments, largely due to the expansion at the Suape terminal (PE), as well as the expansion of operations at the Santos (SP) and Aratu (BA) terminals. Additionally, Ultracargo took another step forward in its strategy of becoming Brazil's largest and most complete logistics provider for special bulk cargo, through the acquisition of Petrolog – a company which provides in-house logistics operations. Petrolog operates within the facilities of its clients, providing management services for finished products, packaging, inventories control, warehousing and shipping to domestic and international markets. At the end of the year Ultracargo announced an investment plan of R\$ 110 million for expansion of its terminals, aiming to increase its storage capacity by approximately 35% by 2010.

Investments in 2007 amounted to R\$ 773 million, and investments of R\$ 839 million are planned for 2008, as follows: R\$ 140 million for Ultragas, R\$ 171 million for Ipiranga, R\$ 479 million for Oxiteno and R\$ 48 million for Ultracargo. At Ultragas investments will focus on the expansion of UltraSystem, on strengthening the company's presence in the North and Northeast regions of Brazil and on the implementation of the DME distribution project. At Ipiranga the main investments will be in the expansion of the company's distribution network. Planned investment at Oxiteno includes: (i) completion of the fatty alcohols plant, (ii) the finalization of the ethylene oxide production capacity expansion at Mauá and the expansion at Camaçari and (iii) the expansion of specialty chemicals production capacity. Ultracargo

will invest in the expansion of its terminals and in-house logistics activities. Additionally, in 2007 we invested approximately R\$ 2.4 billion in acquisitions, mainly in the acquisition of Ipiranga. In 2008 we will continue to evaluate acquisitions as part of our growth process.

In 2007 Ultrapar generated net revenues of R\$ 20 billion and EBITDA of R\$ 779 million, an increase of 316% and 51%, respectively, compared to 2006, strongly influenced by the acquisition of Ipiranga. Net earnings amounted to R\$ 182 million, 35% less than the net earnings reported in 2006 as a result of the transitory effects of increased debt and minority shareholding stakes related to the acquisition of Ipiranga. We ended the year with a net debt of R\$ 1,434 million and with R\$ 1,752 million in receivables from Braskem and Petrobras, related to the portion of the petrochemical and distribution assets acquired from the Ipiranga Group on behalf on these companies.

In 2007 Ultrapar distributed the largest amount of dividends in its history, R\$ 241 million – representing a dividend yield of 3% on the average share price during the year. Additionally, Ultrapar took another step forward in permanently improving its corporate governance, deciding to join Level 2 of BOVESPA's Corporate Governance.

The year of 2007 represented a milestone in the history of Ultrapar, with the acquisition of Ipiranga. In addition, the initiatives taken during 2007 once more proved our commitment to sustainable growth and value generation and our respect for those who make up the company – employees, shareholders, community, clients and suppliers. We will remain in this growth path in order to keep our businesses long-lasting and prosperous.

PAULO G. A. CUNHA
Chairman of the Board

PEDRO WONGTSCHOWSKI
Chief Executive Officer

Acquisition of the Ipiranga Group



On March 19, 2007 Ultrapar, together with Petrobras and Braskem, announced the acquisition of the Ipiranga Group, in one of the largest private-sector acquisitions ever to take place in Brazil. Ultrapar acquired the fuel and lubricants distribution assets in the South and Southeast regions of Brazil, together with the Ipiranga brand name.



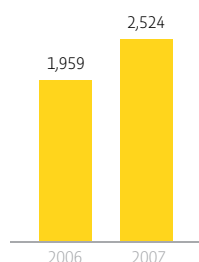
Petrobras acquired the fuel and lubricants distribution business in the North, Northeast and Midwest regions of Brazil, and jointly with Braskem acquired the petrochemical assets of the Ipiranga Group. The oil refining assets held by RPI are shared equally between Petrobras, Ultrapar and Braskem.

For Ultrapar, the acquisition of Ipiranga is part of its growth strategy in the fuel distribution segment, where it already operated through Ultragas in the distribution of LPG. Fuel distribution is an activity with the same profitability and success drivers of LPG distribution: a major brand, efficient logistics and excellence in the management of resellers network. The growth in fuel sales, gains in

operational efficiency and the greater investment capacity, due to the simplification of the shareholding structure and the implementation of a simpler decision making process at Ipiranga, were all determining factors in the decision to make this acquisition.

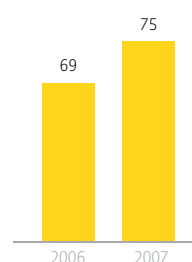
As part of the Ipiranga acquisition process, Ultrapar carried out two important transactions in the capital markets in 2007: public offering for the acquisition of shares, respecting the tag along rights of minority shareholders as a result of the transfer of control of Ipiranga and the exchange of shares of CBPI, DPPI and RPI, through the exchanging of shares in these companies for Ultrapar's preferred shares.

VEHICLES SALES IN BRAZIL
(‘000)



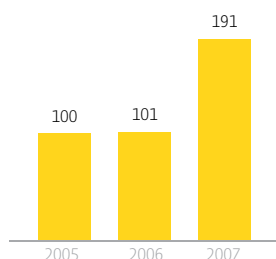
Source: Anfavea

MARKET VOLUME - GASOLINE, ETHANOL AND DIESEL
(million m³)

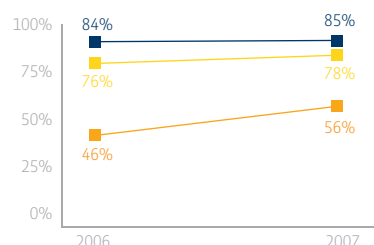


Source: ANP

UNBRANDED STATIONS CONVERTED/
NEW SERVICE STATIONS



SINDICOM VOLUME / ANP VOLUME

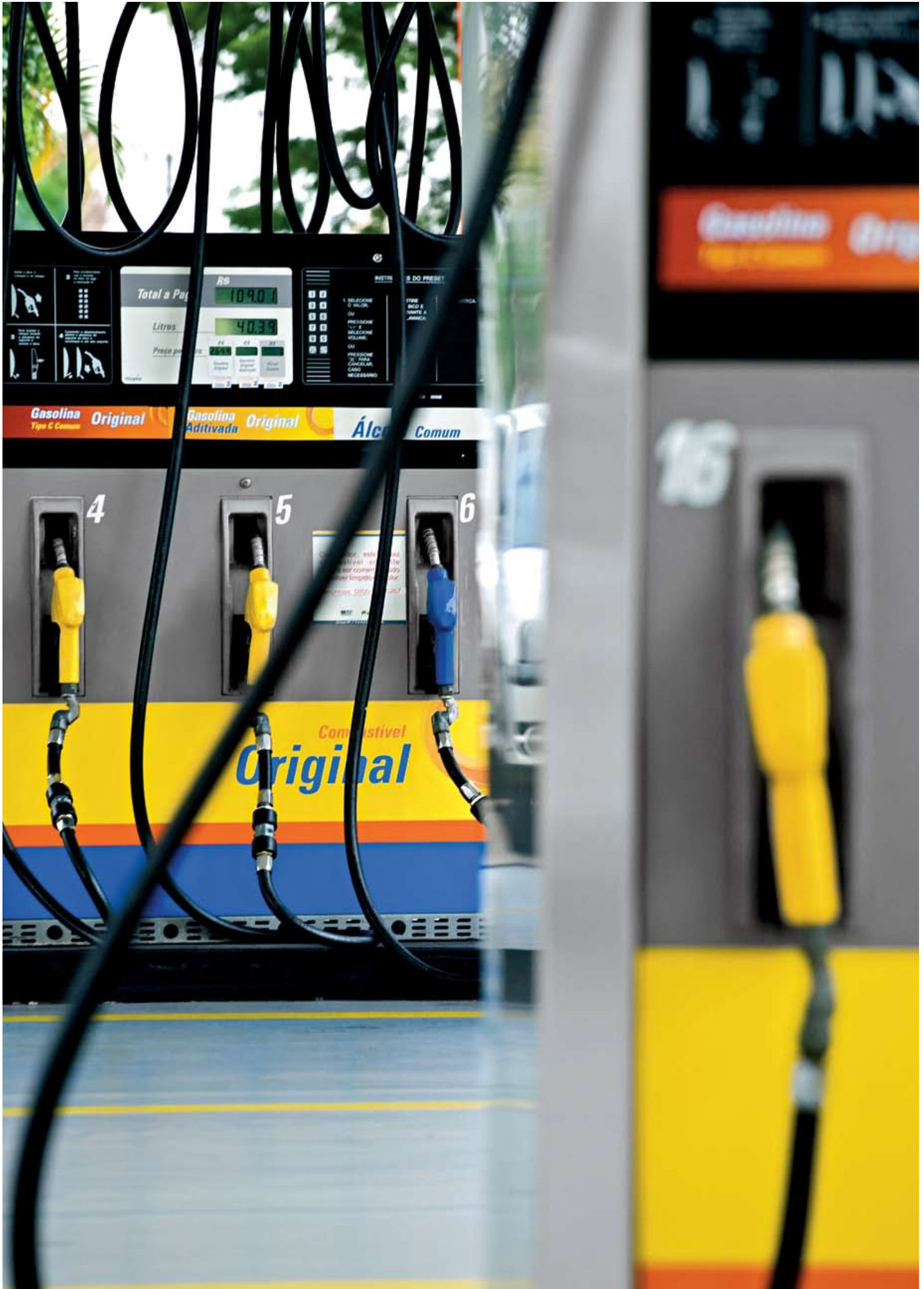


Source: ANP

The share exchange resulted in:

- Greater alignment of the interests of all the companies' shareholders
- An increase in the liquidity of Ultrapar's shares as a result of the expansion of the shareholder base, as a consequence of concentrating all the shareholders of the listed companies of the Ipiranga Group into one single company, Ultrapar, with shares traded on the BOVESPA and the NYSE
- Restructuring and simplification of the complex control structure of Ipiranga, resulting in greater operational and administrative efficiency, as well as increased investment capacity
- Extension of Ultrapar's recognized corporate governance standards to all shareholders of RPI, DPPI and CBPI, particularly with regard to the 100% tag along rights for preferred shares

At Ipiranga, the good results seen after the acquisition and the good performance of the fuel market in Brazil have convinced us that this investment decision was indeed correct. The rise in disposable income among the Brazilian population, the greater availability of credit, the accelerated expansion in the Brazilian vehicle fleet and the improvements to legislation and inspection enforcement measures implemented in the sector should act as growth levers in this market. Additionally, we are willing to reinsert Ipiranga in the rest of the country, seeking once again to turn it into nationwide company.



Key indicators and highlights



DOMINANT POSITION IN ITS MARKETS

- Largest LPG distributor in the country, with strong brand recognition, linked to quality, reliability, safety and efficiency.
- Largest private-sector distribution network for fuel and lubricants in Brazil.
- Largest producer of specialty chemicals, sole producer of ethylene oxide in Brazil and the largest one in Latin America.
- Leader in integrated logistics solutions for special bulk cargo.

CLEAR VISION IN EACH SEGMENT

- **LPG distribution:** to be a world-class distributor, with nationwide reach, meeting the specific needs of each client.
- **Distribution of liquid fuels:** to regain nationwide reach and to actively participate in the consolidation and formalization of the fuel market in order to exploit the growth potential of fuel consumption in Brazil due to expanded credit availability and rising vehicle sales.
- **Chemicals:** to consolidate our leading position in the Brazilian specialty chemicals market and to retain dominance in the surfactants market in the Americas, maintaining operational flexibility in the production of specialty and commodity chemicals, which allows the company to optimize its sales mix according to market conditions.
- **Logistics:** to provide differentiated and integrated logistics services, through strategically located assets, with the use of technology and operational efficiency.

SOUND FINANCIAL POSITION

- Credit rating agency Moody's classifies Ultrapar as Baa3, equivalent to the investment grade. Credit rating agency Standard & Poor's rates Ultrapar as BB+, one notch below investment grade, with positive outlook.
- Positioned as one of the largest business groups in the country with net revenue amounting to R\$ 25 billion on an annual basis.

CONTINUOUS IMPROVEMENT IN CORPORATE GOVERNANCE

- Separation of the roles of Chief Executive Officer and Chairman of the Board of Directors.
- First company in Brazil to grant 100% tag along rights to all its shareholders.
- Sarbanes-Oxley (SOX) 404 certification with an unqualified opinion.
- Transparent and interactive relationship with investors and shareholders, always providing accurate information.
- Joining Level 2 of BOVESPA corporate governance.



CAPITAL MARKETS

- Free float representing 64% of total capital.
- Significant increase in share liquidity – the liquidity of Ultrapar after share exchanges is higher than the previous liquidity of Ultrapar, RPI, DPPI and CBPI combined.
- Ultrapar has been included in the BOVESPA Index (Ibovespa), the most important performance index in Brazilian equity markets.

INNOVATION AND INVESTMENT

- Culture of technological innovation and a policy of cost optimization in its four business units.
- Search for new formats for LPG distribution and new market niches in commercial and industrial sectors, and diversification of sales channels in the residential segment.
- Increase of 40% in ethylene oxide production by 2009.
- Growth strategy based on raw materials from renewable sources, as in the case of the construction of Latin America's first fatty alcohols plant.
- Development of technologies to access raw materials at competitive prices in the long term.
- Strategic assets and superior reputation for safety, reliability and innovation in the logistics business.

SOCIAL AND ENVIRONMENTAL INITIATIVES

- Commitment to safety and care for the environment in all our operations, including the development of environmentally safe products.
- Cooperation with the improvement and dissemination of education as a way of social inclusion and encouragement of volunteer work.
- Launching of a credit card through which Ipiranga commits to neutralize carbon-emissions from the vehicle powered by fuel acquired through its use.
- In 2007, Ultracargo's Suape Terminal was certified for the first time and the Aratu Terminal for the second time by the Chemical Distribution Institute for Terminals – CDI-T.

Key indicators and highlights

R\$ million ⁽¹⁾

	2000	2001	2002	2003	2004	2005	2006	2007
Ultrapar ⁽²⁾								
Net sales	1,878	2,285	2,995	4,000	4,784	4,694	4,794	19,921
EBITDA	304	373	487	498	737	546	516	779
Net earnings	128	132	222	246	414	299	282	182
Investment ⁽³⁾	179	208	413	404	284	219	320	2,687
Dividends declared	49	212	65	72	164	157	144	241
Earnings per share (R\$)	2.42	2.49	3.62	3.54	5.95	3.73	3.47	2.19
Dividends per preferred share (R\$)	0.98	4.28	1.09	1.11	2.36	1.94	1.78	1.78
Number of employees (end of the year)	5,602	5,748	5,876	6,465	6,724	6,994	6,885	9,653
Ipiranga ⁽⁴⁾								
Sales volume ('000 m ³)	-	-	-	-	-	-	10,521	11,170
Net sales	-	-	-	-	-	-	19,027	19,473
EBITDA	-	-	-	-	-	-	351	420
Investment ⁽³⁾	-	-	-	-	-	-	148	166
Productivity (EBITDA R\$ / '000 m ³)	-	-	-	-	-	-	33	38
Oxitemo								
Sales volume ('000 ton)	428	446	434	474	518	525	544	621
Net sales	686	832	956	1,238	1,663	1,610	1,550	1,686
EBITDA	132	177	233	243	421	300	192	155
Investment ⁽³⁾	51	43	249	90	86	94	179	453
Productivity (EBITDA US\$/ton)	169	169	184	167	278	235	162	128
Ultracargo								
Effective storage ('000 m ³)	189	186	184	196	204	221	240	279
Net sales	94	105	131	177	197	234	226	229
EBITDA	26	28	29	40	41	44	38	43
Investment ⁽³⁾	11	25	36	40	92	41	35	44
Ultragas								
Sales volume ('000 ton)	1,288	1,345	1,303	1,362	1,549	1,531	1,544	1,572
Net sales	1,126	1,381	1,943	2,623	2,968	2,902	3,067	3,113
EBITDA	141	163	220	208	269	195	281	252
Investment ⁽³⁾	117	140	127	272	99	83	105	129
Productivity (EBITDA R\$/ton)	109	121	169	153	174	127	182	160
Capital Markets								
Number of shares ('000) ⁽⁵⁾	53,000	53,000	69,691	69,691	69,691	81,325	81,325	136,096
Average daily trading volume (R\$ '000) ⁽⁶⁾	981	787	1,233	1,586	3,731	5,524	4,591	11,780
Bovespa prices (R\$/share) ⁽⁵⁾	18.50	18.70	24.90	37.29	51.00	32.50	48.99	63.00
NYSE price (US\$/ADR) ^{(5) (7)}	8.38	7.70	6.70	12.73	19.81	13.93	23.00	34.64

(1) Except where otherwise indicated.

(2) Except where indicated differently, Ultrapar's figures in this report include the consolidation, from April 2007, of the assets acquired from Ipiranga.

(3) Investment in fixed and deferred assets, net of disposals. For Ipiranga, figures are Pro-forma and include the assets acquired through leasing.

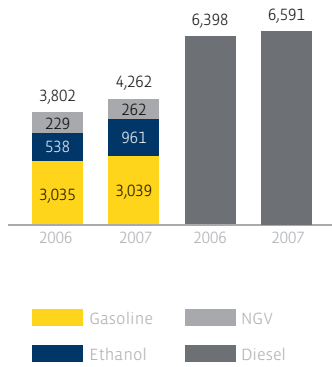
(4) The figures related to Ipiranga included in this report referred just to the assets acquired by Ultrapar, and have been drawn up on a Pro-forma basis for 2006 and 1Q07.

(5) End of period figures, adjusted for a reverse stock-split that took place in August 2005.

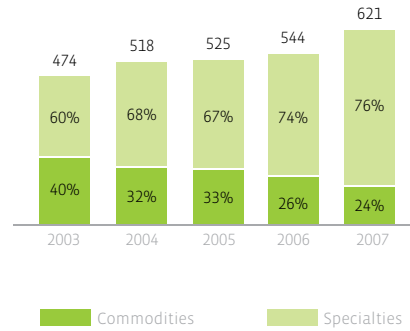
(6) Considering the combined trading on the São Paulo Stock Exchange (BOVESPA) and the New York Stock Exchange (NYSE).

(7) 1 ADR = 1 preferred share

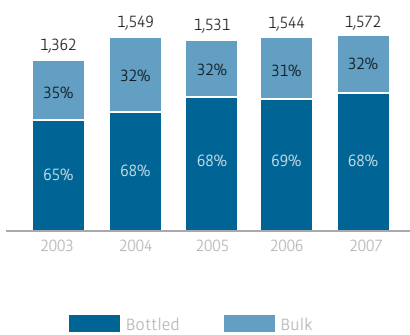
IPIRANGA SALES VOLUME
('000 m³)



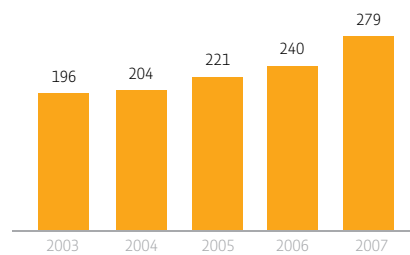
OXITENO SALES VOLUME
('000 ton)



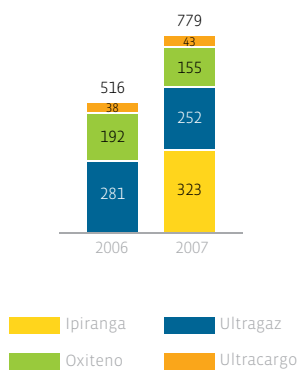
ULTRAGAZ SALES VOLUME
('000 ton)



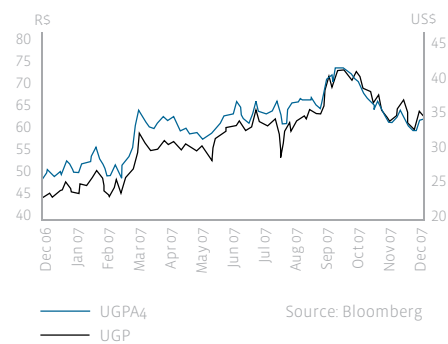
ULTRACARGO EFFECTIVE STORAGE IN TANKS
('000 m³)



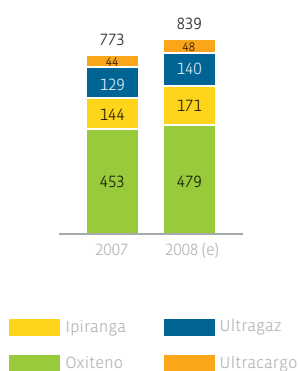
EBITDA
(R\$ million)



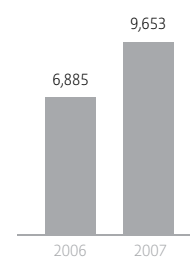
PRICE UGPA4 x UGP (ADR)



INVESTMENTS PER BUSINESS UNIT – EXCLUDING ACQUISITIONS
(R\$ million)



NUMBER OF EMPLOYEES



Business philosophy







Through a professional management with outstanding knowledge in its areas of operation, supported by the use of modern and efficient management tools, Ultrapar maintains the sustainable growth of its businesses.

Management fundamentals

The management model adopted by Ultrapar is characterized by the centralization of strategic directives and long-term planning, delegating the execution of operations to the management body of each of its businesses in an independent manner. Each business unit has management autonomy, taking into account the characteristics of the segment in which it operates. Ipiranga has also become part of this format, integrating with the existing mechanisms and processes within Ultrapar.

The management system is supported by tools which aim to assist the operational and strategic decision making process, with a focus on the creation of value, with particular importance given to the use of EVA® (Economic Value Added). EVA® helps the company to identify the value added of each investment or process. All investments are submitted to a rigorous analysis, which considers economic, financial, strategic and market aspects under various alternative scenarios. Since 2002, executive's variable remuneration have been linked to results achieved according to EVA® measurements and from 2008 the executives of Ipiranga will also be evaluated according to this parameter. Another important tool used at Ultrapar is the Balanced Scorecard®, which translates strategy into operational objectives in financial, marketing, internal processes, learning and growth perspectives, directing behavior and performance for actions in the medium and long term.

Investment in innovation is a fundamental tool for obtaining sustainable competitive advantages. Each business unit has an outstanding position in its area of operation, with specific competitive advantages, adapted to the demands of each market.

CUSTOMIZED PROCESSES

Based on these corporate tools, Ultrapar's subsidiaries adopt processes and management methods adapted to their particular needs.

At Ultragas, the organizational structure prioritizes de-centralized commercial management, respecting the regional characteristics of each market across Brazil, resulting in a closer relationship with clients and greater flexibility in the decision making process.

Taking advantage of its experience in LPG distribution, and of the fact that this business has similar profitability and success drivers to those in the distribution of fuel and lubricants, the acquisition of Ipiranga resulted in the expansion of Ultrapar in the fuel distribution segment. The efficient operational management of Ipiranga provides a strong platform for growth which will be leveraged with the implementation of Ultrapar's management model, resulting in increased flexibility in decision making, greater investment capacity and better alignment of interests.

Oxiteno follows an organizational model based on functional cells, different from the conventional hierarchy, providing more interaction between the development and the commercial areas of the business, resulting in focus on the development of specific applications and improving the performance of the company's products. EMCA, Empresa Carioca de Produtos Químicos, also part of the Ipiranga Group, has been integrated into Oxiteno, strengthening the presence of Oxiteno in segments such as pharmaceuticals, cosmetics, oil and plastics.

Ultracargo, in turn, has a team which is exclusively dedicated to projects, aimed at the development of new products and services either organically or through acquisitions. Thus, the company seeks to consolidate its

new positioning in the market, which is the supplying of innovative integrated services with a higher added value.

ALIGNED OBJECTIVES

All business units have their own strategic programs aimed at achieving their specific objectives. Ultragas has two priority projects for the next few years: **UltraFlex** and **UltraLevel**. These initiatives represent the business strategies to be pursued up to 2010 in the corporate and residential segments, respectively.

UltraFlex aims to strengthen the operations of Ultragas in the bulk segment, represented basically by **UltraSystem**, and consists of analyzing the current commercial processes in a broad manner with a view to improving and modifying them. There are two key principles which guide the actions of this project: expanding presence and depth, in order to achieve excellence in the prospecting of new clients, with suitable segmentation, and the search for excellence in the management of the existing client base, through verticalization, satisfactory after-sales structure, pricing and focus on client relationships.

The **UltraLevel** program consists of a staff development program with the mission of (i) providing the commercial and logistics areas with tools that ensure an increase in profitability in the residential segment, and (ii) creating a single business model. The training of personnel is developed and carried out at Academia Ultragas.

In addition to these experiences, Ultragas makes programs available for specific areas, such as **PARE**, for the prevention of accidents, **SOMAR**, which maintains standardization of independent dealers' sales and services, and **Fator Azul**, which aims to maintain the uniformity of procedures with respect to the environment, occupational health and safety in all Ultragas bases.

Ipiranga has adopted a series of programs aiming to strengthen its position in the market, creating the potential for value generation and to differentiate from the competition, with emphasis on the "performance panel". This is a monthly analysis of the performance of

Strategic map ECO

(Excellence and Growth at Oxiteno)

Some of the most important initiatives of the ECO project are described below:

- **Internationalization:** to improve the international operation of the company, through the definition of standards and methodologies which allow communication and synergy between the various units of the company in different countries.
- **Innovation management:** improvement of the innovation process, allowing better integration between areas involved and higher profitability from new developments.
- **Client generation:** identifying opportunities for improvement in processes throughout the value chain, stimulating a culture focused on clients and providing an atmosphere for the understanding of the vision of customer value, as well as continually evolving processes in the quest for operational excellence.
- **Cost reduction:** to continually seek opportunities for reducing costs, through comparative analysis with best global practices and through the improvement of internal management tools and processes.
- **Improvement of Management Systems:** to improve existing management tools, with the aim of improving the quality of information available for the decision making process.

the fuel service stations and franchises in relation to the marketing plan established, allowing dealers to analyze their operational indicators in a detailed manner, and to implement actions and improvements, resulting in a more active management stance. The **Clube do Milhão** (Million Club) continues to be the most important incentive program within the Ipiranga network, awarding prizes to dealers who meet their individual growth targets.

At the franchises, performance is motivated through the program known as the **Excellence Index**, which is in its fifth year and give awards to franchisees recognizing efforts made and encouraging the search for better results.

Also at the fuel service stations Ipiranga maintains a direct relationship with the pump attendants, who are employed by our dealers, through the **VIP Club** program, which is a system of awards through which the company aims to encourage attendants to behave in line with its marketing strategy.

Oxiteno's operational and financial planning is supported by various plans and tools. In September 2006, BPM (Business Performance Management) was implemented. BPM is a tool expected to permit short, medium and long-term planning processes to be integrated in a more flexible and automated manner, and to make available information that can improve the decision making process, resulting in a new methodology for operational and financial planning and for the measuring of results. The tool operates from the same platform as the Balanced Scorecard® (Strategic Map – ECO) and other management initiatives, making it easier to consult and provide information on a wider basis.

The **Six Sigma** program continues to be developed throughout the company through the work of the Black Belts. The Black Belts are experienced and specially trained employees, who develop projects for operational improvements in all areas of the company. **Six Sigma** has the aim of covering the entire company, operating from time to time in areas with room for improvement and

disseminating **Six Sigma** methodology and solutions for problems. Since 2006, in order to further disseminate the **Six Sigma** methodology and achieve potential benefits at Oxiteno, the training of groups of Green Belts was initiated, with the training of some 40 Green Belts, until the end of 2007, who develop projects with the same objectives as the Black Belts, but with a lower degree of complexity.

In 2006 Ultracargo began to introduce **Ultracargo Mais**, a complete management program, with the aim of helping the company to translate and manage its strategy. One of the results already achieved was the creation of Strategic Mapping, which includes strategic objectives associated with indicators, targets and initiatives, mapping out the future of the company. Internal communication has concentrated in disseminating information at all hierarchical levels, involving all employees in the program. To this end, an online communication channel was created via the company intranet.

The company has also adopted **Six Sigma** methodology and from the beginning of 2007 has been developing projects with a focus on cost reduction and consequently in the improvement of the competitiveness of Ultracargo. The first project prioritizes the minimization of the company's costs with fuel consumption, the most significant cost in the transport segment.

In line with the company's strategy and with its BSC®, Ultracargo has various programs focused on its employees and third parties, such as its **Safety in Action** program (constant training on safety in the transportation of dangerous products), the **Eye on the Road** program (continual improvement in transportation safety, with a focus on the human factor) and the **Safety Brings Rewards** program, with awards granted for the achievement of a target of 10 million kilometers traveled without accidents.

In October 2007 Ultracargo launched the ERP project, using the SAP solution and will encompass the implementation of functions including supply, inventories management,

Ultrapar's management system is characterized by its simplicity and agility in its decision making process, based on the use of tools which support operational and strategic decisions, –notably the EVA®, which incentivates value creation in each investment or process.

accounts receivable, cash management, invoicing and tax. The system will permit the unification of the company's database and will reduce the level of redundant activities within the organization, bringing significant benefits to operational and administrative management.

RISK MANAGEMENT

The activities of Ultrapar involve the distribution of fuels, the manufacturing of chemical products and the storage and transportation of special bulk cargo. The composition and balance of the businesses increases overall financial capacity and operational flexibility, making Ultrapar less vulnerable to economic volatility and allowing it to pursue growth opportunities in each of the businesses it operates.

The company has a risk management policy, based on controlling and determining exposure limits, which takes into account the risks in the markets where the company operates, the impact of interruption in operations, financial and exchange-rate variations, and environmental management. There are also specific credit analysis standards for accepting clients, to reduce the level of risk in the company's receivables portfolio,

which is also reduced by the diversification of its sales. At the end of 2007, Ultrapar's bad debt provision was equivalent to 0.31% of Ultrapar's net revenue.

Every investment carried out by the company is submitted to a detailed analysis of economic returns, considering financial and market aspects in various scenarios, using the EVA® methodology to evaluate and measure results.

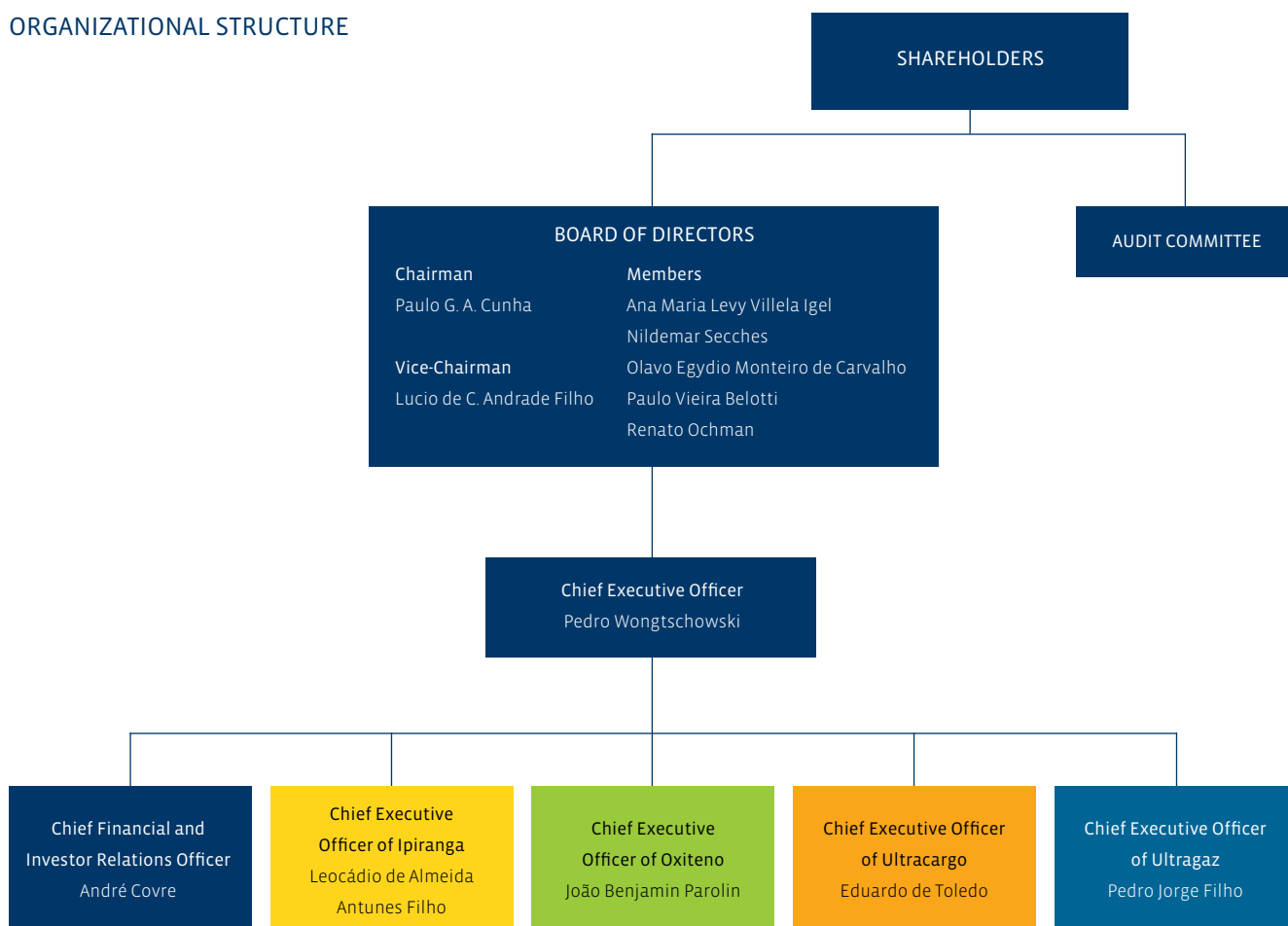
Favorable fundamentals and leading positions in all businesses in which Ultrapar operates, combined to a sound financial position throughout its history is reflected

in its credit ratings. Credit rating agency classifies Ultrapar as Baa3, equivalent to the so called investment grade. Standard & Poor's rates Ultrapar as BB+, one notch below investment grade, with positive outlook.

ORGANIZATIONAL STRUCTURE

Ultrapar has a lean organizational structure that is designed to make decision making processes more agile. The Board of Directors is independent from the Executive Board and there is a permanent "Fiscal Council" (who also acts as an audit committee).

ORGANIZATIONAL STRUCTURE





With its shares listed on the São Paulo Stock Exchange – BOVESPA, and the New York Stock Exchange – NYSE, Ultrapar follows corporate governance standards according to the laws of Brazil and the United States. In 2007, Ultrapar obtained Sarbanes-Oxley certification, which attests to the efficiency of the company's internal controls of financial information, confirming its commitment to quality in the management of processes, risks and controls, as well as ensuring high quality standards in our financial statements.

Corporate governance

Ultrapar is listed under Level 1 of Corporate Governance at BOVESPA and at the beginning of 2008 took another step towards constantly improving its corporate governance, by deciding to join Level 2 Corporate Governance. Notwithstanding the levels with which it has complied, Ultrapar has corporate governance practices that exceed the requirements of both Levels 1 and 2 of BOVESPA, notably by granting 100% tag along rights to all shareholders, both ordinary and preferred. In the US market, the shares of Ultrapar are traded in the form of Level 3 American Depository Receipts (ADRs), which implies that its financial statements comply with Generally Accepted Accounting Principles in the United States – US GAAP and that its corporate governance practices comply with those required by the regulatory bodies in the US capital markets.

Another advance in terms of corporate governance is the company's success in complying with the Sarbanes-Oxley Act, also known as SOX, which regulates mechanisms for control and transparency in the management of companies traded on stock exchanges in the United States. In June 2007, the company obtained SOX certification, attesting to the efficiency of its internal control mechanisms with regard to information and its commitment to quality and transparency in the disclosure of information to the market.

The separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, which took place



at the beginning of 2007, has been effected with great success. Paulo G. A. Cunha is now dedicated exclusively to the role of Chairman of the Board, while Pedro Wongtschowski took over the role of Chief Executive Officer, with the responsibility of continuing to conduct the businesses of Ultrapar as to maintain the company's sustainable growth. The process of renewal of the Executive Board of Ultrapar began in 2005, with a new Chief Executive Officer taking over at Ultragas and the nomination of a new Chief Executive Officer for Ultracargo. Another important step in the renewal of the Executive Board was the nomination of João Benjamim Parolin, who was formerly commercial director of Oxiteno, as the Chief Executive Officer of Oxiteno. In March 2007, André Covre was nominated as Chief Financial and Investor Relations Officer. In March 2008, Leocádio de Almeida Antunes Filho, Chief Executive Officer of Ipiranga, became a member of Ultrapar's Executive Board.

In recognition by the market for the quality of its corporate governance, Ultrapar was elected one of the top 5 companies with the best corporate governance practices in Brazil, in a research carried out by IR Global Rankings Latin America. Ultrapar has also received the title Most Shareholder-friendly Company in a research carried out by Institutional Investor Magazine, a well-known publication in international financial markets, among fund managers and investment research analysts. In the same research,

our executives obtained recognition by the capital markets, being elected as best CFO and runner-up in the position of best CEO in the Oil & Chemicals segment. Additionally, Ultrapar participates in the Latin American Corporate Governance Roundtable's Companies Circle, which aims to develop corporate governance in Latin America, and which is coordinated by the Organization for Economic Co-operation and Development – OECD, in partnership with the International Finance Corporation – IFC and BOVESPA.

TAG ALONG RIGHTS AND ALIGNMENT OF INTERESTS

Improving corporate governance is a constant concern at Ultrapar. At the beginning of 2000, the company granted 100% tag along rights to all shareholders, ordinary and preferred, guaranteeing equal treatment for all shareholders in the event of the sale of the shareholding control of the company, a right which was also given to the former shareholders of Ipiranga, with the exchange offer. For the market as a whole, this same right only became mandatory at the end of 2001, with the approval of the new Brazilian Corporate Law – yet limiting it to 80% of the offer value agreed with the controlling shareholders, and only to holders of common shares. Following the principles of alignment with and commitment to the interests of shareholders, in 2001 a system was introduced in all the company's business units for measuring profitability using the EVA® tool, to which the company's executives' variable remuneration

Ultrapar constantly seeks to improve its corporate governance, being the first Brazilian company to grant 100% tag along rights to all shareholders, back in 2000. Recently, the company took another step forward in the constant development of its corporate governance, deciding to join Level 2, moving in BOVESPA's differentiated levels of corporate governance.

is linked. This system was also implemented in the businesses acquired from Ipiranga. Under this system, a significant part of the executives' remuneration is linked to the achievement of EVA® growth targets, which are established based on shareholders expectations.

REPRESENTATIVE OF PREFERRED SHAREHOLDERS ON THE BOARD OF DIRECTORS

In 2002 Ultrapar provided additional benefits to its preferred shareholders, giving them the right to elect a representative in the Board of Directors. This was the way adopted to highlight the role of these shareholders in adding value to the Company.

CODE OF ETHICS

Ultrapar's Code of Ethics was initially adopted in 2004, reflecting practices that already existed in the company. The Code fulfils various objectives, such as limiting subjectivity in the interpretation of ethical principles and the formalization and institutionalization of a reference for the professional conduct of employees, including dealing with real or apparent conflicts of interest and compliance with anti-trust laws, thus becoming a standard to be followed in internal and external relationships with interested public audiences (shareholders, clients, employers, unions, partners, suppliers, service providers, competitors, society, government and communities

where the company operates). It also aims to assure that the daily concerns with efficiency, competitiveness and profitability also include ethical behavior.

BOARD OF DIRECTORS

The Board of Directors is composed by seven members¹, four of which are independent. One of the independent board members has the role of representing the preferred shareholders. The minimum quorum is three members, one of which must be the Chairman or Vice-Chairman of the Board. During 2007 the board met thirteen times, nine of these meetings being dedicated mainly to strategic company matters.

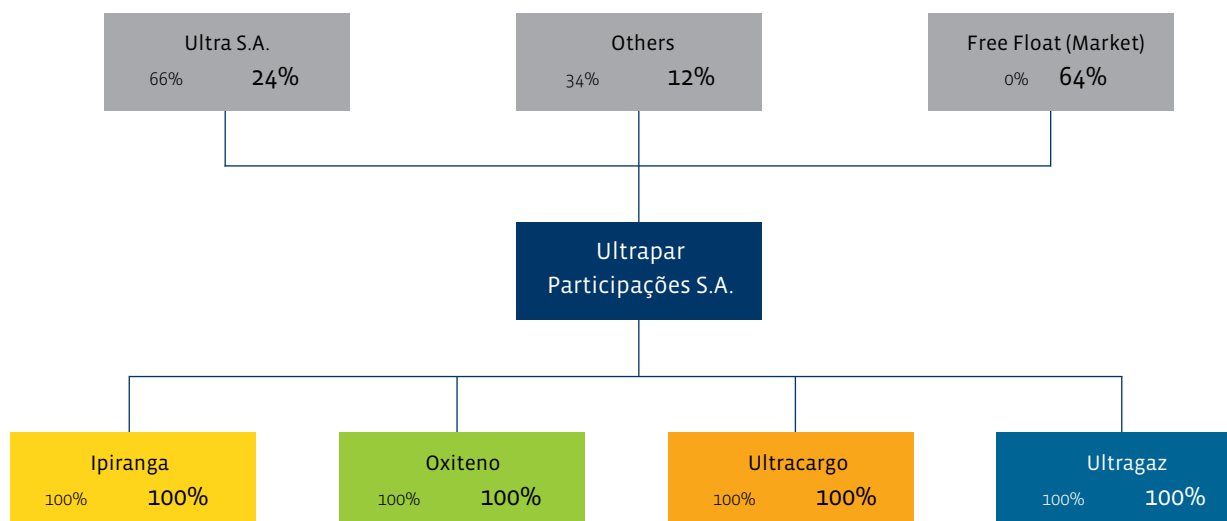
EXECUTIVE BOARD

Consisting of professionals with significant experience in Ultrapar's fields of operation, the Executive Board carries out the integrated management of the businesses in accordance with the guidelines defined by the Board of Directors.

In order to achieve total alignment of interests between the management and shareholders, Ultrapar adopts the philosophy of converting the company's executives into shareholders, encouraging them to act as co-owners. To this end the company uses a stock ownership program

¹ Altered to 8 members at the extraordinary shareholders meeting on April 28, 2008.

VOTING CAPITAL / TOTAL CAPITAL



SHAREHOLDER BREAKDOWN

	Common shares	%	Preferred shares	%	Total	%
Ultra S.A.	32,646,694	66%	12	0%	32,646,706	24%
Others	16,783,203	34%	-	0%	16,783,203	12%
Free float	-	0%	86,666,090	100%	86,666,090	64%
Total	49,429,897	100%	86,666,102	100%	136,095,999	100%

under which the executives have the benefit of preferred shares held in treasury and all of the rights inherent in them. Ownership of the shares is retained by the company for a determined period and once it elapses, ownership of the shares is then transferred to the executive.

FISCAL COUNCIL

In compliance with Brazilian legislation and the Sarbanes-Oxley Act, Ultrapar maintains a permanent Fiscal Council, reporting to shareholders, which also acts as an audit committee. The Fiscal Council is composed of five members.

In 2007 the Fiscal Council met thirteen times. In order to obtain SOX certification in June 2007, the Fiscal Council

carried out intensive work together with Ultrapar's internal Audit Department, which supervised the work for the certification of controls under the Sarbanes-Oxley Act.

INVESTOR RELATIONS

In line with its philosophy of maintaining a transparent and interactive relationship with investors and shareholders, always supplying the market with quality and precision information in 2007 some 250 meetings were held with capital market institutions, approximately 50% more than in 2006, including participation in events with investors and analysts, both in Brazil and abroad. Additionally, Ultrapar's website provides a permanent and constantly updated channel for the publication of information and results.

Management

BOARD OF DIRECTORS

Chairman

Paulo Guilherme Aguiar Cunha

Vice-Chairman

Lucio de Castro Andrade Filho

Board members

Ana Maria Levy Villela Igel

Nildemar Secches

Olavo Egydio Monteiro de Carvalho

Paulo Vieira Belotti

Renato Ochman

FISCAL COUNCIL

President

Flavio César Maia Luz

Members

John Michael Streithorst

Mário Probst

Raul Murgel Braga

Wolfgang Eberhard Rohrbach

EXECUTIVE BOARD – ULTRAPAR

Chief Executive Officer

Pedro Wongtschowski

Chief Financial and Investor Relations Officer

André Covre

Chief Executive Officer of Ultragaz

Pedro Jorge Filho

Chief Executive Officer of Oxiteno

João Benjamin Parolin

Chief Executive Officer of Ultracargo

Eduardo de Toledo

Chief Executive Officer of Ipiranga (since May 14, 2008)

Leocádio de Almeida Antunes Filho

EXECUTIVE BOARD – IPIRANGA

Chief Executive Officer

Leocádio de Almeida Antunes Filho

Marketing Director

Ricardo Carvalho Maia

Director of Operations

José Augusto Dutra Nogueira

Administrative Director and Controller

José Manuel Alves Borges

EXECUTIVE BOARD – OXITENO

Chief Executive Officer

João Benjamin Parolin

Administrative Director and Comptroller

Américo Genzini Filho

Industrial Director

Flávio do Couto Bezerra Cavalcanti

Commercial Director

Rubens Marcilio Júnior

EXECUTIVE BOARD – ULTRACARGO

Chief Executive Officer

Eduardo de Toledo

Market Director

Ricardo Isaac Catran

Director of Administration and Control

João Marcos Cazula

EXECUTIVE BOARD – ULTRAGAZ

Chief Executive Officer

Pedro Jorge Filho

Administrative Director and Marketing

Cynthia May Hobbs Pinho

Director of Marketing Relations

Wagner Dias do Patrocínio

Director of Operations

Oswaldo Francesconi Filho

Market Director

Paulo José Marques Soares

Plínio Laerte Brás

Leandro Del Corona

FINANCIAL BOARD

Chief Financial and Investor Relations Officer

André Covre

Director of Treasury and Information Technology

Marcello De Simone

Accounting Director

Roberto Kutschat Neto



Every year Ultrapar reaffirms its commitment to the principles of sustainable management and transparency in its relationship with its strategic public audiences.

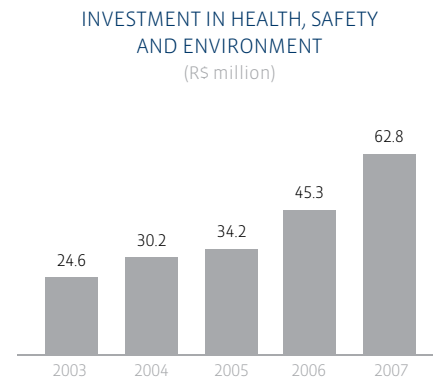
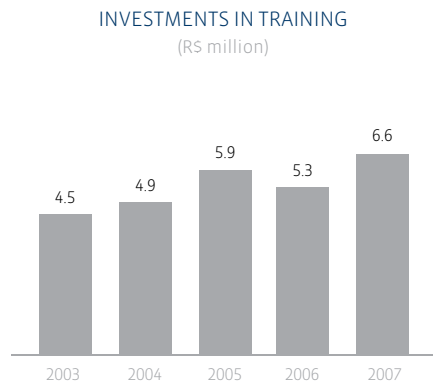
Relationship with stakeholders

Ultrapar's relationship with its employees is characterized by ethical conduct, always focusing on the mutual benefit of sustainable growth of its businesses and on the development of staff. At the end of 2007 Ultrapar had approximately 10,000 employees, distributed among Brazil, Argentina, Mexico, the United States and Venezuela. Ultrapar has a Code of Ethics which is a reference for the professional conduct of its employees and represents a set of standards for internal and external relationships with stakeholders (shareholders, clients, employees, unions, partners, suppliers, service providers, competitors, society, government and communities where the company operates). Through this Code Ultrapar aims to ensure that daily concerns with efficiency, competitiveness and profitability also include ethical behavior.

Our activities are characterized by constant improvement in results and operational excellence. National and international certification in the environment, health and quality areas, combined with intense programs for the development and qualification of its employees, attest to our commitment to our main interested public audiences and society as a whole.

INTERNAL PUBLIC

In its 70 years of existence, Ultrapar has always made efforts to develop and reward the many talented people that have contributed to the growth of the company, in order to reach the levels where it is today. Appreciation of human resources is expressed in the directives of the company's staff management policy that aims to attract, train and



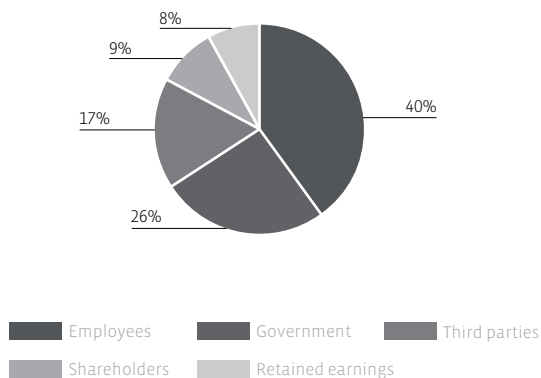
retain talent, stimulating professional development and recognition of technical competence and commitment to organizational values in order to achieve better results. Proof of this recognition can be seen in the Company's Executive Board and management body, whose members for the most part began their careers in internships or trainee programs held by the company. The good track record of hiring staff through these programs has become one of the most efficient sources of renewing and training Ultrapar's workforce. In order to train and retain talent, the company invests in the specialization and broadening of the professional horizons of its employees. Training sessions are developed for different areas of Ultragaz, Ipiranga, Oxiteno and Ultracargo.

Ultragaz received recognition from its employees in 2007, being elected as one of the best companies to work for, according to the annual research carried out by Exame Magazine. This recognition strengthens our conviction that good staff management constitutes a competitive advantage for the company's businesses. Special attention should be paid in the area of personnel management to the Ultragaz Academy. Inaugurated in 2004, it operates under the concept of a corporate university, in partnership with well-known institutions, dedicated to the discussion of, and keeping up to date with, the best and most modern business practices. Courses are carried out in partnership with the Fundação Getúlio Vargas (FGV), of São Paulo, and the University of São Paulo (USP). Ipiranga has a policy that combines its growth strategy with continual training of its employees, preparing them

to better perform their tasks thus always striving for excellence and better performance in a market where competition is intense. The company launches annually its **Programa Geral de Treinamento** – PGT (General Training Program) with structured actions for training and development. Providing student grants for graduate, postgraduate and language courses aligned with Ipiranga's strategic goals, PGT aims to improve the professional skills of its employees. In 2007 Ipiranga trained 2,056 employees representing 69% of its payroll.

Among the various initiatives developed in 2007, Oxiteno invested in student grants for its employees and created a program for training in **Strategic Management of Technological Innovation**, in order to disseminate the culture of innovation within the company. Additionally, during 2007 a **Management Development Program** was introduced. The program was developed in partnership with the Brazilian Dom Cabral foundation and has the objective of developing the knowledge of employees in leadership positions in relevant matters for the company: strategic management, staff management, leadership, innovation and internationalization. In line with Oxiteno's strategy of internationalization, a specific management department was created to involve employees in and prepare them for this process. The idea is to develop and introduce mechanisms for the organization and to share knowledge between the various units of Oxiteno in Brazil and abroad, stimulating relationships with other cultures and the integration of the units.

IN 2007, ULTRAPAR GENERATED ADDED VALUE OF R\$ 1.6 BILLION, DISTRIBUTED AS SHOWN IN THE PIE CHART BELOW



At the same time, Oxiteno continued its individual employee development plan, which is designed to situate the employee's career in its current context and to plan his or her career for the future, in alignment with **Project DNA**, a skill management program. Ultracargo seeks staff development with training and recycling courses carried out by recognized institutions, which ensure that the team is kept up to date. This approach is extended to all hierarchical levels and the training covers a range of subjects from technical to behavioral issues.

In the areas of health, safety and respect for good working conditions in general, all the business units of Ultrapar are models of good practice. Oxiteno, for example, was Brazil's first chemical company to comply with the SA8000 standard, developed by SAI (Social Accountability International) and to be supervised by an international Council, which is comprised of businessmen, non-governmental organizations and union bodies. This certification attests to the absence of child labor, forced labor and discrimination as well as to the practice of best conditions with regard to health and safety, freedom of association, the right to collective wage agreements and working hours, among others. The company also acts as a multiplying agent, encouraging its partners to incorporate these standards into their management systems.

With regard to remuneration and benefits, employees enjoy outstanding benefits. Variable remuneration is an important instrument to achieve growing levels of efficiency and alignment of interests, associated

with the fulfillment of performance indicators defined in the annual targets set out by the Balanced ScoreCard® and measured through EVA®.

Ultraprev, the company's private pension plan, which follows the fixed contribution model, is offered to all Ultrapar employees, with the exception of Ipiranga employees, and aims to provide supplemental income at retirement. In 2007, the company contributed R\$ 5.6 million to the fund, while its participants contributed a further R\$ 7.6 million. At the end of the year technical reserves of Ultraprev's fund, made up of net worth and contingency reserves, amounted to approximately R\$ 119.3 million.

The Francisco Martins Bastos Foundation is a pension fund based on the fixed benefit model, and its supplementary retirement plan is extended to all employees of Ipiranga. It was set up in 1993, only providing basic benefit (structured according to the fixed benefit model) and in July 1998 supplementary benefit was introduced (structured as a fixed contribution in the phase of capitalization of the programmable benefits) where contribution is determined dependant upon eventual variable remuneration. In the future, Ultrapar expects to offer its pension plan to employees of Ipiranga.

SHAREHOLDERS

Ultrapar maintains a transparent and interactive relationship with investors and shareholders, always seeking to publish accurate and precise information. It serves its shareholders, who total more than 9,000, following rigorous procedures of transparency and quality of information, through permanent communication channels, meetings, conferences and presentations in and outside Brazil. The company also has a website with specific information for investors and for professional managers of investment clubs, funds and investment portfolios. At the beginning of 2007, Ultrapar's investor relations site was elected as the Best Investor Relations Website in the Small/Mid Caps category by IR Global Rankings, a research carried out by MZ Consult. Ultrapar was also elected as Most shareholder-friendly company in a research carried out by Institutional Investor magazine.

SUPPLIERS AND PARTNERS

Ultrapar bases its relationship with suppliers and dealers (regarded as business partners) on ethical behavior, quality, safety, as well as on social and environmental responsibility. To strengthen the guidelines of this



relationship, all subsidiaries invest in the establishment of partnerships with their suppliers and support and incentivize the development of their service providers.

In order to be contracted our suppliers have to submit to an evaluation process that includes, among other factors, production capacity, the quality of its processes, products and services, a requirement not to hire employees under 16 years old, except as apprentices, as well as to be fully compliant with legislation, paying due attention to the inexistence of fiscal, labor or financial debts.

The business units aim to strengthen the sense of partnership, through incentives and investment in the development of their service providers. The relationship with Ultragas's independent dealers' network since 2006 has included training offered at the Ultragas Academy, previously only available to the company's internal public audience. Another system in operation is **SOMAR** (marketing solutions applied to re-sales), dedicated to the improvement of profitability throughout the chain, assisting in the evaluation of operational procedures, with a view to improving efficiency. In September 2007 the "Ultragas Coach" was launched, equipped with an area for training, an experimental kitchen and a meeting room to receive clients. The coach is like a mobile home that, in addition to training employees of our independent dealers' network also strengthens relationships with our clients. Training of sales staff is basically focused on four points: institutional, safety,

product (LPG) and customer service. In addition to training for its sales force, the Ultragas Coach provides low-income communities the opportunity of participating in free courses, focused mainly at nutrition and health, helping to provide a better quality of life. In 2007, the Coach passed through 13 locations between the state capitals of São Paulo and Rio de Janeiro, training 683 employees and holding culinary courses for 1,153 consumers.

Ultragas also focuses on the development of the LPG industry as a whole, with initiatives such as the sponsoring of a workshop to publicize a new resolution by the National Ground Transport Network (ANTT), which has introduced changes in the Complementary Instructions for the Transport of Dangerous Products.

At Ultracargo, safety campaigns and training in the transportation and handling of dangerous products are extended to outsourced workers who provide services to the company. Oxiteno, in turn, promotes an annual award to reward the good performance of transportation companies which assist it, with the aim of ensuring continuous improvement in standards of service to their end-clients. In 2007, in addition to covering national highway transportation, the award also included maritime container transportation, operations with isotanks and customs dispatch services.

Aiming at improving its relationship with ethanol producers Ipiranga, which is the second largest ethanol

Ultrapar's social activities are based on the philosophy of improving and disseminating education. Ultra Formare is Ultrapar's main social project. Since its initiation, 115 young people have completed the course, with 53 ex-pupils being employed, 10 of these working for Ultrapar companies.

buyer in Brazil, sponsored the 2007 Sugar Dinner. This is a conference that congregates ethanol producers, buyers, traders, banks and brokerage houses working in the ethanol industry. Ipiranga's resellers, regarded as Ipiranga's business partners, participate in the Programa Gestão de Revenda – PGR (Management Program for Resellers), a program aimed at providing updated and useful information about resellers' franchise: marketing, finance, tax matters, human resources and environment, among others. The objective is to strengthen our service stations network and to contribute to the enhancement of our resellers' capabilities in order to place them in a differentiated position in the markets where they operate. We also provide training for our resellers' employees, called VIPs, in the very sites where they work. This training takes place in minibuses especially equipped for this purpose. VIP's training is focused on customer service and includes motivational activities, but also touches other issues such as products and services offered by the service station, sales techniques and Ipiranga's promotional campaigns. Approximately half of the training program is used for practical activities, in which instructors, having the opportunity to watch the VIPs applying the concepts they have just learned, can evaluate the effectiveness of the training and apply corrective measures if necessary.

CLIENTS

Ultrapar maintains a relationship of respect and confidence with its clients, by providing quality products and guaranteeing compliance with the highest social and

environmental standards. The constant search to meet clients' needs is expressed through the structuring of the relationships as partnerships in the development of specific solutions for each client. A Technology Centre maintained by Oxitenno, located at the Mauá plant (SP) offers technical support to clients, with several laboratories and pilot plants which have advanced analytical instrumentation for the development of products and special applications. The development of the catalysts LTS-OX and HTS-OX, approved during tests at the Duque de Caxias Refinery, owned by Petrobras, and other specialty chemicals created in the area of cosmetics, agrochemicals and detergents, are examples of these partnerships.

Ultracargo follows a similar approach. It has increasingly invested in in-house operations, working on clients' premises, becoming responsible for the internal logistics of its operations, including transportation and reception of raw materials, feeding production systems, final packaging, internal handling and stock control. In order to be successful in this type of service it is necessary to achieve substantial alignment with the client's philosophy and activities. In 2007, Ultracargo has made progress in its strategy of being recognized as the largest and most comprehensive logistics provider for special bulk cargo with the acquisition of Petrolog – a company that operates in-house logistics.

At Ultragas, the **UltraSystem** service, directed to commercial and industrial clients – which involves a stationary tank with supply controlled remotely by Ultragas, also constitutes an example of the development of best services for clients and a partnership which involves reliability and safety.

Ipiranga serves important consumers which acquire products for their fleets, equipment, locomotives and transport machines, the Transportadores-Revendedores-Retalhistas, known as TRRs (specialist resellers serving medium and small-sized consumers), and also, indirectly, the end-users through dealers' service stations and franchises. In the relationship with its various public audiences, Ipiranga's main objective is to win the preference of the client and to do this the company differentiates itself by offering added value services with its products, as well as adopting a flexible and fast approach in order to follow changes in the fuels distribution industry. A good example is the case of MRS Logistics, to which

Ipiranga not only supplies fuel and lubricants, but from which it has also taken over the operation and management of 3 service stations (in São Paulo, Minas Gerais and Rio de Janeiro). This allowed them to reduce the refueling time of locomotives from 4 hours to approximately 20 minutes. In 2006, with the termination of the contract, and as provided therein, these service stations were transferred to MRS, which offered competition for the supply of products, including the operation of these and other service stations. Ipiranga presented the best commercial proposal and kept the supply, taking over the operation of all MRS's service stations, as well as their laboratory for analysis of lubricants.

EXTERNAL PUBLIC AUDIENCE

In 2007, Ultrapar carried out a major institutional publicity campaign in large-circulation national magazines, major newspapers and radio stations, raising the awareness of Ultrapar's values and businesses to society at large, using the following slogans: "Ultra means reliability and solidity", "Ultra stands for creativity and innovation" and "We look to the future".

The focus of the campaign was to publicize the main values, identity and culture of all companies that make up Ultrapar. The key points of the campaign were the reliability and soundness present in the relationship with our clients, suppliers, shareholders and other public audiences, and the guidelines for creativity and innovation present in the continuous development of new applications and services for the markets in which we operate. Each company owned by Ultrapar was represented in this campaign through images which sum up their contribution to the group – the strength of the brand name for Ipiranga, research and development for Oxiteno, the robustness of the installations for Ultracargo and the superior delivery capacity for Ultragaz. With this campaign we communicated that Ultrapar is the result of the work of companies constituting it.

SOCIETY

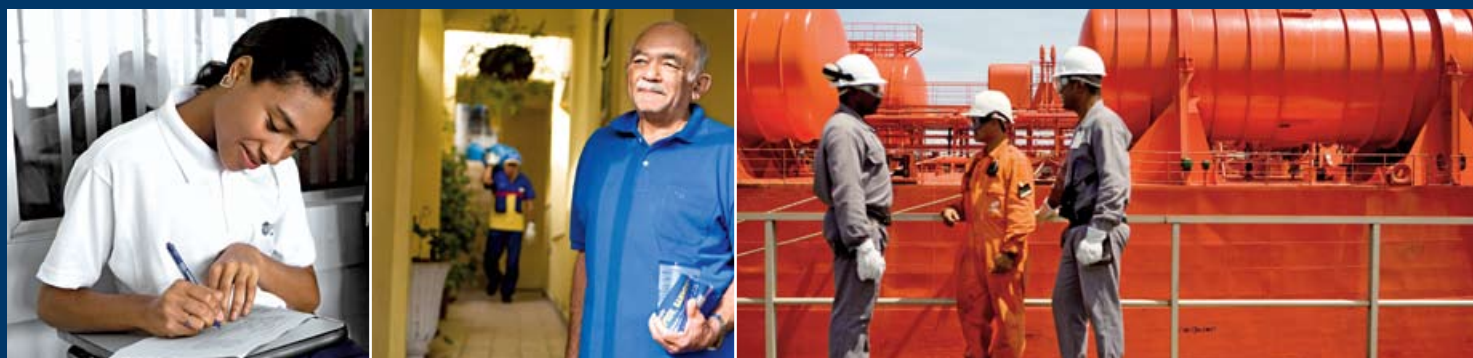
Ultrapar and its subsidiaries have a basic commitment to the development of initiatives, specially focused on promotion, dissemination and improvement of education, culture and professionalization, as a way of

achieving sustainable social inclusion. Among the various educational projects that the company sponsors, one of the most important is Ultra Formare, a free training school based at the company's headquarters in São Paulo, which prepares youngsters from low-income families to act as administrative assistants. More than 70 employees participate voluntarily as teachers on this project, which in 2007 received its sixth intake. Youngsters receive a certificate recognized by the Ministry of Education and during the course receive benefits that allow them to dedicate themselves wholly to the course content.

In addition to the social initiatives of Ultrapar, each of its business units has its own line of projects. Ultragaz sponsors the "Bom de Nota, Bom de Bola" program (good marks at school, good on the football field), which caters to more than 1,000 children in six towns and cities in the country. Through the project **Pequeno Cidadão** (little citizen), in partnership with the University of São Paulo, more than 1,500 children have already benefited from cultural, educational and sporting activities. Ipiranga supports wide-ranging educational projects, which also include the training of teachers up to a formal and professional teaching standard. Among various social initiatives, Ipiranga is one of the founders and supporters of the NGO, Volunteer Partners of Rio Grande do Sul, focused on carrying out organized voluntary work, which aims to improve quality of life. Oxiteno has developed one of its main initiatives in conjunction with APOLO (Association of the Industries of the Petrochemical Complexes of the Greater ABC) offering free services to the population in the area surrounding the petrochemical companies, including medical and dental checkups and services.

The Ultra Institute has developed several initiatives related to its volunteer program, spreading awareness of themes such as the environment, health and education, and stimulating voluntary work among Ultrapar's employees. Located in the company headquarters, in São Paulo, the Institute was founded more than 40 years ago as the Margarida Igel Benefit Association and in the last five years it has carried out more than 30 campaigns and festivals, such as "Arraias" with the aim of collecting food, second-hand clothing and books for the setting up of libraries, as well as encouraging the donation of blood and other civic initiatives.

Social balance sheet



December / 2007
Amount ('000 R\$)

1) Calculation base

Net sales (NS)	19,921,305
Operating profit (OP)	367,327
Gross payroll (GP)	356,861

	Amount ('000 R\$)	% of Gross payroll	% of net sales
2) Internal social indicators			
Food	39,684	11.1%	0.2%
Compulsory social charges	134,114	37.6%	0.7%
Private pension	9,329	2.6%	0.0%
Health	43,106	12.1%	0.2%
Safety and medicine in the work place	4,618	1.3%	0.0%
Education	970	0.3%	0.0%
Training and professional development	5,643	1.6%	0.0%
Employee profit sharing	37,829	10.6%	0.2%
Others	18,890	5.3%	0.1%
Total – Internal social indicators	294,183	82.4%	1.5%

	Amount ('000 R\$)	% of Gross payroll	% of net sales
3) External social indicators			
Education	252	0.1%	0.0%
Culture	224	0.1%	0.0%
Others	6,444	1.8%	0.0%
Total contributions to society	6,920	1.9%	0.0%
Taxes (excluding social charges)	364,640	99.3%	1.8%
Total – External social indicators	371,560	101.2%	1.8%

4) Environmental indicators

Related to company operations	15,086	4.1%	0.1%
Total investment in the environment	15,086	4.1%	0.1%



Reduction of environmental impacts, reuse of supplies, recycling of components in industrial processes, quest for renewable sources of raw material and safety in the company's operations, are the focus of Ultrapar's environmental policy.

Environment

Care and respect for the environment are fundamental requirements for the activities of Ultrapar, permeating the operations of its subsidiaries ensuring the meeting of environmental conservation needs and the safety of surrounding communities, with adequate risk management systems in place.

The businesses controlled by Ultrapar are characterized by the continual search for improvement in processes, in accordance with the concepts of sustainability, sharing the responsibility for and commitment to the Environmental Management with all employees, suppliers and partners. There is also concern with investment in projects to reduce the use of industrial byproducts and also to promote their reuse. The company's installations and operations consistently meet the requirements of federal, state and municipal laws and regulations with regard to the protection of the environment, at the same time as it adopts specific standards of environmental control on an international level. Each company has a combination of programs to ensure its compliance with quality and safety standards in accordance with its particular segment.

Ultragaz establishes its operational excellence guidelines for all its units through **Fator Azul** (blue factor), a program which determines the standards for quality, operational safety and care for the environment at all its production bases. As a consequence of this program, effluent treatment stations have been installed, resulting in the saving of the water used for the cylinder painting processes.



Regarding safety issues **Fator Azul** has contributed actively to the propagation of safety standards in the handling and use of LPG through specific training courses.

Ultragas has contributed actively to the dissemination of safety standards within the LPG segment. In 2007, the company held a series of events and training programs to publicize the new NBR 13,523 ruling for members of Fire Departments in communities throughout the country. The new ruling authorizes the installation of LPG centers of up to 8 tons on the reinforced concrete roofs of buildings, requiring special care with regard to safety.

Ipiranga has adopted an environmental policy that seeks to achieve the efficient use of natural resources and make use of residues, as well as adopting preventive measures to minimize risks in its businesses. Ipiranga was the first fuel distributor in Latin America to obtain ISO 14001 certification back in 1998 and based on its concepts, more recently the company introduced **SIGA** (Ipiranga Environmental Management System) in all its bases, focusing its investment on preventive technologies.

Ipiranga offers its clients a free inventories control software package. It also provides customers with a Rapid Guide for Operation, Maintenance and Emergencies, with guidelines for these matters. The company also has an Emergency Centre on standby, equipped with its own team, to intervene in environmental risk and safety situations.

With the program **Jogue Limpo** (clean waste disposal) the company carries out the collection and recycling of the packaging of lubricants, as well as used oil from its resale fuel service stations and consumer companies, for subsequent use as raw material. In addition, Ipiranga minimizes the use of packaging for small volumes – 75% of its lubricants are sold in bulk form, with subsequent reuse of the oil drum and optimization in transport, without the waste of oil residue remaining in the packaging containers. Also with regard to recycling, the company sends its obsolete metal equipment – tanks and pipes – for recycling to steel companies.

Ipiranga stands out for its pioneering approach and innovation in environmental preservation. It was the first distributor to open NGV fuel service stations to the general public in Brazil, this fuel being of fossil origin but less polluting, and now the company has the second largest network of NGV service stations in Brazil. With regard to innovation, Ipiranga has been investing in products that do not originate from fossil fuels such as ethanol and bio-diesel. Recently, Ipiranga launched one of the most innovative environmentally related commercial initiatives: the **Ipiranga Zero Carbon Card**, which generates environmental benefits while encouraging client loyalty. Ipiranga commits to neutralizing the quantity of carbon-based gas emissions produced by the fuel purchased through the **Ipiranga Zero Carbon Card**, through projects which include, among others, tree-planting programs.

The **Ipiranga Zero Carbon Card** combines environmental benefits with a strategy of encouraging loyalty in Ipiranga's clients. Ipiranga commits itself to neutralizing the quantity of carbon dioxide emitted by fuel purchased with the Card, through projects which include, among others, tree-planting.

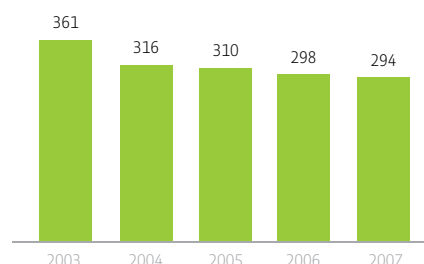
The program is audited by Bureau Veritas Certification, an international recognized auditing institution.

Both Oxiteno and Ultracargo are signatories of ABIQUIM's (Brazilian Chemical Industry Responsible Care Program®), aimed at chemical industries and their partners. The program defines standards to be followed in terms of products, management, safety and interference with the environment.

The petrochemical complexes where the two companies operate have contingency plans with the participation of all the companies that have installations at the complex. Oxiteno, at its Mauá plant (SP), has a sophisticated interlocking safety mechanism which deactivates systems in an interlinking domino-effect, avoiding the occurrence and spreading of accidents.

At Oxiteno, both the Central Administration and the industrial units in Camaçari, Mauá, Suzano/ Tremembé and Triunfo carry ISO 14001 certification. The unit of Suzano (SP) began its activities in January 2007 and already carries ISO 9001/14000 and SA8000 certification. With the acquisition of Ipiranga, Oxiteno took over the operations of Empresa Carioca de Produtos Químicos – EMCA, located in the Camaçari Petrochemical Complex (BA), having already carried out integration of the various processes and systems with a view of improving synergy and making optimal use of the installations.

OXITENO EMISSIONS OF CO₂ TO ATMOSPHERE
– PER TON PRODUCED
(kg)



The Oxiteno Integrated Management System – **SIGO** – includes a requirement to comply with international quality, health, safety and environmental standards, as well as a Responsible Care Program® and the Brazilian National Quality Award program (Prêmio Nacional da Qualidade). SIGO is designed to meet any new regulations which may be required by legislation, clients, or the characteristics of the market in which Oxiteno operates, and is organized as a continuous improvement model for the perfection of its processes in terms of excellence in operations and the growth of the company's businesses. The breadth and level of integration has turned Oxiteno into a national and international benchmark in its processes.

Another challenge for Oxiteno is its compliance with **REACH** (Registration, Evaluation and Authorization of Chemicals), the planned legislation for production control, importing and use of chemical products in the European Union. Under **REACH**, the management of risks associated with chemical products ceases to be the responsibility of governmental bodies and becomes the responsibility of local production companies, importers or producers outside the European Union, which will have to nominate a legal representative. To this end, companies will be required to pre-register and register their products with the European regulatory agency. To fulfill the requirements for pre-registration and registration of products under **REACH**, Oxiteno is due to inaugurate Oxiteno Europe by the end of June 2008, which will be the

company's legal representative and will have the role of representing Oxiteno Brasil, Oxiteno Mexico and Oxiteno Venezuela for the purposes of European legislation.

The adoption of **Six Sigma** methodology has resulted in the development of programs for the reduction of water consumption and generation of residues, among others. The units at Camaçari and Mauá have electricity co-generation programs which operate using the steam generated in the production process. Camaçari sells the carbon dioxide (CO₂) that it generates during the ethylene oxide reduction process to clients that use CO₂ in oil extraction. This comprises capturing the CO₂ from the oxide tower and carrying it through a pipe linking from the tower to the location where it is injected into oil wells to facilitate extraction. This operation reduces the emission of gases that cause the greenhouse effect, and on average, prevents 36,500 tons/year of carbon dioxide being emitted into the atmosphere. In addition, Oxiteno seeks that the packaging of its products ensures safe transportation to their final destination. The same care applies to the choice of trucks used as well as their drivers, which are trained to be environmentally aware and to prevent damage to the environment and society as a whole.

Ultracargo has several programs with the purpose of guaranteeing the safe handling of dangerous chemical products under its responsibility. It has a team of technical staff specialized in safety and environmental measures, specially trained for any situation, either within or outside its terminals and affiliates, and an emergency team adequately equipped and trained for any eventualities occurring during the transport or storage of the products.

Ultracargo was the first company in its segment to obtain ABIQUIM's SASSMAQ (System for the Evaluation of Safety, Health, Quality and the Environment) in 2001, being re-certified at the beginning of 2008. The Paulínia terminal was the first to obtain ISO 14001 certification in 2004 and underwent re-certification process in 2006 in accordance with the ISO 14001:2004 standard, while the Aratu unit

was certified according to the same standard in 2007. The Santos terminal was designed and built in order to meet the highest safety and environmental standards, with minimum levels of atmospheric emissions.

In 2007 the Suape Terminal was certified for the first time and the Aratu Terminal for the second time, by the Chemical Distribution Institute for Terminals – CDI-T. CDI-T is an evaluation system developed by CEFIC – The European Chemical Industry Council - and adopted by ABIQUIM – the Brazilian Chemical Industry Association for bulk liquid maritime terminals, with the aim of constantly improving safety and quality in the storage of chemical products, carrying out and developing the best operational practices in the storage of chemical products and guaranteeing efficient systems for the evaluation of risks in the operation of the terminals.

In the operation of its terminals Ultracargo is considered to be a national benchmark. These terminals have also adopted procedures for the detecting and discouraging of terrorist acts in accordance with the standards of the International Ship and Port Facility Security Code (ISPS Code). This is an international cooperation protocol, which involves the shipping and port sectors as well as national governments, created after the terrorist attacks of September 11. The company's three new warehouses at Camaçari, Suape and Mauá have already begun operations equipped to meet the highest environmental preservation and safety standards.

Several other milestones also attest to the seriousness of Ultracargo's policy with regard to safety and environmental care. In March 2007 the company completed 1 million kilometers traveled without accidents or incidents in the transport and distribution of kerosene and aviation gasoline in the 11 airports operated by Air BP in six Brazilian states. It was also awarded the title "Best Safety Rating" by Oxiteno, and the title "Zero Accident" by Fosfertil, for which the company transports concentrated nitric acid.



Awards, certifications and recognitions

Awards and certifications received attest to the quality of the operations of Ultrapar's companies, demonstrating the outstanding position enjoyed by Ultrapar's businesses.

The companies of Ultrapar aim to achieve results based on the quality of their products and services with a focus on meeting the needs of their clients. Awards and certifications are evidence of the recognition of the company's image.

ULTRAPAR

Indexes and standards attained

- Ibovespa – BOVESPA Index, the most important performance indicator in the Brazilian equity market
- MSCI – financial index of major importance in international financial markets
- ITAG – Share index for Brazilian companies with differentiated tag along rights for shareholders
- IGC – Share index for Brazilian companies with differentiated corporate governance practices
- IVBX-2 – BOVESPA Value Index
- Level 1 of BOVESPA Corporate Governance (process of compliance with Level 2 underway)

Awards and recognitions

- Award granted by Institutional Investor Magazine as Most Shareholder-friendly Company in the Oil & Chemicals category
- Award granted by Institutional Investor Magazine to Ultrapar for the best CFO and runner up in the ranking of best CEO in the Oil & Chemicals category to André Covre, as Chief Financial and Investor Relations Officer and Pedro Wongtschowski, as Chief Executive Officer
- Valuable Executive Award, granted by *Valor Econômico* in March 2007 to Pedro Wongtschowski, as Chief

Executive Officer of Ultrapar, elected as the most outstanding executive in the conducting of business in the chemical and petrochemical industry

- Corporate leader in the Chemical and Petrochemical sector – Pedro Wongtschowski was elected by a joint vote of businessmen and executives in Brazil, organized at a Business Leaders Forum in October 2007
- Top 5 in Corporate Governance, granted by IR Global Rankings in 2007.
- Best investor relations website – Small/Mid-caps category (2007). MZ Consult – IR Global Rankings
- Best company in the Oil, Gas and Utilities Segment (2006) – Award MZ Consult – IR Global Rankings
- 14th ranking in "100 most switched-on companies in Brazil" (2007) – Info Exame magazine

IPIRANGA

Certifications

- ISO 9001 (lubricants manufacturing and fuel quality control)
- ISO 14001 (Betim and Londrina pools)

Awards and recognitions

- Chico Mendes Socio-environmental Award for outstanding companies in environmental preservation – **Ipiranga Zero Carbon Card**
- Best oil company in the transport segment – OTM, Modern Transport Magazine
- Award for best and most outstanding supplier in the sugar-ethanol sector – Mastercana Brasil – Jornal Cana/Procana



The recognition of quality in the production process and in the providing of services and focus on safety and the environment are reflected in receiving of various awards and certificates by Ultrapar companies.

OXITENO

Certifications

- SSMA – ABIQUIM - Responsible Care Program®
- ISO 9001:2002 / ISO 14001:2004
- ISO/TS 16949-2002 (Tremembé and Mauá)
- SA8000
- IQA (Institute for Quality in the Automotive Segment) - for a motor coolant additive
- Kosher Certificate
- HALAL certificate (Islamic community) – referring to iso-pentyl acetate and iso-pentanol

Awards and recognitions

- Excellence program for Clariant suppliers in the raw material category
- Award for best suppliers in 2006 – silver level – Johnson & Johnson Colombia
- Award for the Camaçari Complex for Health, Safety and Environment aspects – 5 stars (2005 and 2006)
- Paint & Painting – Best Supplier of Oxygenated Solvents (2001, 2004, 2006 and 2007).
- ABIQUIM export award, in the category Club of Major Exporters (2006 and 2007).
- ABIQUIM technology award – honorable mention for ECOX – ecological perforation fluid

ULTRACARGO

Certifications

- Responsible Care Program® – ABIQUIM (since 1998)
- ISO 9001:2000
- SASSMAQ ABIQUIM – System for the Evaluation of

Safety, Health, Quality and the Environment

- ISO 14001:2004 – Paulínia unit/ Aratu Terminal
- CDI-T – Chemical Distribution Institute for Terminals – certification of Aratu and Suape terminals

Awards and recognitions

- Oxiteno's Quality in Logistics: Safety and Flexibility categories
- Zero Accident Award – Fosfertil
- COFIC Award – Camaçari committee for industrial development – 1st place in the annual safety awards (2007)

ULTRAGAZ

Certifications

- ISO 9001:2000 in 11 of its 15 bases (certification process for the remainder is ongoing)

Awards and recognitions

- Marketing Best 2007 by FGV-SP
- PPQG –São Paulo Management Quality Award – silver medal (2007) in the category medium-sized company in the São Paulo Business Market
- 150 Best Companies to Work for – Exame Magazine/ Você S/A
- 2nd MasterInstal silver award – for Energy Solutions – in the category methods and processes used in installations
- ABAIA Award-food industry – most remembered supplier in the food industry
- Award by B2B Magazine for Electronic Invoicing 2007

Overview of operations





TQ-2 10
CAT-I

TQ
CA



Razão Social:
BOULEVARD FÁRIA LIMA
COM. VARZ. CUMB. LTDA.

Órgão Regulador Fiscalizador
ANP - Agência Nacional do Petróleo,
Gás Natural e Biocombustíveis.

Gás Natural e Biocombustíveis.
Reclamações que não forem atendidas
pelo distribuidor varejista ou pela distribuidora de
gás deverão ser dirigidas ao centro de relacionamento
do Consumidor, CRC da ANP.

Telefone: 0800-9700267 (Ligação gratuita)
Website: www.anp.gov.br
Horário de Funcionamento:
de segunda a sábado: 24 horas
Aos domingos: 24 horas

- Proibido abrir chapa
- Proibido fumar
- Desligue celular

Gasolina Original Premium
Gasolina Original

ATENÇÃO

Its strong market positioning and its commercial flexibility has enabled Ipiranga to benefit from the good performance in the automotive sector and the regulatory initiatives to reduce the level of informality in the fuel market, resulting in strong growth in sales and improved results in 2007.

Ipiranga

In its first year under Ultrapar's management Ipiranga has reported strong growth. Pro-forma EBITDA for Ipiranga in 2007 amounted to R\$ 420 million, up 20% on 2006. Pro-forma net revenue totaled R\$ 19 billion, up 2% compared to the previous year.

In 2007, investments in the operation of Ipiranga totaled R\$144 million, which were allocated in the expansion of the distribution network, the renewal of contracts, improvements to service stations and distribution bases, as well as in investments related to information technology. The 2008 investment plan, excluding acquisitions, is an estimated R\$171 million, directed mainly at the expansion of the distribution network and operational improvements.

The volume of sales amounted to 11.2 million cubic meters, up 6% compared to the previous year, as a function of the growth in Brazil's vehicle market and the improvements to legislation, combined with the inspection measures introduced in the sector, such as resolution ANP Nº 7, which has exerted stricter discipline on the sale by distributors to "branded" service stations, and the introduction of the CODIF/Passo Fiscal in the state of São Paulo.

After the acquisition of the Ipiranga Group by Ultrapar in patnership with Petrobras and Braskem, Ipiranga concentrated its activities in the South and Southeast Brazil, focusing only on its core business, the



Ipiranga has created a VIP (Vendedores Ipiranga de Pista, translated as Ipiranga Pump Sales Attendants), which rewards the company's pump attendants for reaching established targets, as well as being a mobile program which transforms pump attendants into sales people, preparing them to serve clients with the maximum of efficiency.

distribution of fuel and lubricants, through 3,300 fuel service stations and through a network of more than 1,000 franchises, including **am/pm** and **Jet Oil** outlets.

DIFFERENTIATION

The success of Ipiranga's strategy is the result of a constant process of differentiation carried out by the company. This demands a clear understanding of the segments of the market in which it operates: urban fuel service stations, highway fuel service stations, large clients and TRRs, in order to enable Ipiranga to have a precise evaluation of the needs of the different target audiences and as a result to be able to develop competitive differentials in relation to other distributors.

This differentiation is achieved through an extensive and sophisticated marketing program, which aims to treat each segment of operation and each participant in the fuel distribution value chain according to their particular characteristics and areas of interest. For each public audience, a specific marketing program has been developed with adequate key messages and incentives. Thus, there are specific promotions for the end-consumers of fuel, for users of credit cards, for the operators of urban fuel stations and highway fuel stations, for the pump attendants at the fuel stations, for the major clients who are owners of truck and bus fleets and for lubricant distributors.

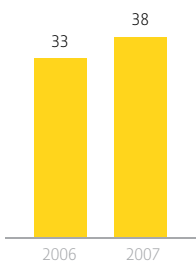
As part of this marketing program, in 2007 there were promotional initiatives such as the Original product line, the "Football of Your Dreams" promotion, which combined two of the greatest passions of Brazilians: cars and football and resulted in clients winning tickets for football games at some of the world's main championships, such as the Brazilian, Spanish and Italian, and the "3,000 full tanks" promotion, directed at users of Ipiranga credit cards. The incentive programs include the **Clube do Milhão**, which took resellers with the higher sales volumes on international trips, and **Clube VIP (VIP club)**, which awarded prizes to VIPs, and the **Sales Rally**, aimed at the best lubricant distributors, which were also awarded with international trips.

Fundamental components of Ipiranga's marketing program are the services which Ipiranga offers to its clients and resellers. Examples of these services are the training of VIPs, using a school minibus; a constantly renewed database of job candidates, to which the resellers have access via an internet portal, the **Rodo Rede**, a seal of approval which identifies highway fuel service stations that have differentiated installations for serving truck drivers, the CTF – Controle Teleprocessado de Frota (fleet monitor), which allows fleet owners access to an automated system for the management of their fleet and cargo. Furthermore, the system acts

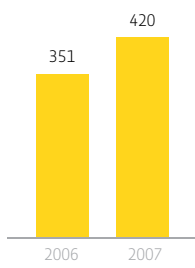
IPIRANGA UNITS LOCATION MAP



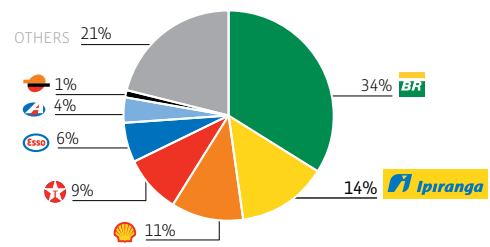
IPIRANGA EBITDA/m³ (R\$)



IPIRANGA EBITDA (R\$ million)

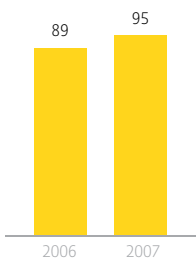


IPIRANGA MARKET SHARE

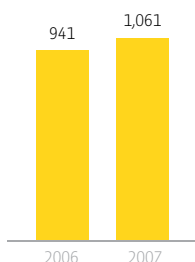


Data year 2007 (Gasoline, Diesel and Ethanol) Source: ANP

IPIRANGA GROSS PROFIT/m³ (R\$)



IPIRANGA GROSS PROFIT (R\$ million)



as an electronic fuel payment medium, providing cost reductions, increased productivity and ensuring customer loyalty, while for the owners of the fuel service stations, it represents yet another attraction to generate additional vehicle traffic through their installations.

In addition to the above listed programs Ipiranga also provides support for resellers, with initiatives such as the **Reseller Management Program (PGR)**, which identifies and suggests opportunities for improvements in management and the **Business Advice Program** – consisting of 250 highly qualified professionals who assist in the management of service stations, the **Maintenance Program**, which monitors the total quality of equipment, operation, and image of service stations, and **Ipiranga Automated Solution**, a tool which simplifies management and provides the entrepreneur with more free time to dedicate to his or her resale business.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Ipiranga has defined an institutional stance with respect to sustainability initiatives which aim to align the company with the concept of sustainability on three fronts – social, environmental and economic – in order to be recognized as a company that focuses on sustainable development, using its position as a competitive advantage in the market and to establish itself as benchmark reference for consumers and partners, which translates into being the consumers' preferred choice. With this in mind, Ipiranga launched in 2007 the **Ipiranga Zero Carbon Card**, which in addition to providing consumers with an alternative for the exercise of responsible consumption also functions as a client loyalty strategy by offering an efficient means of payment.

The user of the card has the benefit of exclusive advantages, such as discounts at authorized establishments – including those that sell fuels – with no joining fees or annual charges. The **Ipiranga Zero Carbon Card** enables the consumer to neutralize the emission of gases that cause the greenhouse effect derived from their consumption of fuels. The system is simple: when

consumers fill their vehicles at an Ipiranga service station and pay with an **Ipiranga Zero Carbon Card**, Ipiranga commits to the neutralization of the amount of gas that will be emitted by the fuel purchased, through projects which include, among others, tree-planting. The launch of the card was preceded by the purchase by Ipiranga of carbon credits equivalent to 5,000 tons of carbon dioxide gas, with planned further acquisitions or investment in environmental programs taking place as the program evolves. The program is audited by Bureau Veritas Certification, an internationally recognized auditing institution.

The card is also part of Ipiranga's socio-environmental initiatives and does not represent an isolated attitude of Ipiranga's in terms of avoiding environmental degradation. These responsibilities are present from the storage of the company's products through to their delivery to clients. The company uses its professional staff to define internal policies and procedures as well as to create mechanisms which are aimed at eliminating or reducing impact generated by fuel distribution activities.

These activities include: the management of a program for the application of tank testing in underground stations with the objective of detecting any instances of non-compliance; the recycling of out of service fuel tanks, the environmental certification of operational units, the collection of used lubricant oil and the installation of equipment which meets ABNT standards and which are certified by Inmetro (National Institute for Weights & Measures, Standardization and Industrial Quality). In addition to **SIGA** (Ipiranga Environmental Management System), a program through which Ipiranga invests in preventive measures at its various bases, Ipiranga also aims to minimize the impact of its business on the environment through the use of software for the control of its inventories.

Ipiranga invests in the preservation of the environment and respects legislation, with some of its units having already received ISO 14001 certification, attesting to the efficiency of the environmental systems applied by the company.

Ipiranga's franchises

Ipiranga's franchises provide a series of differentials for their clients.



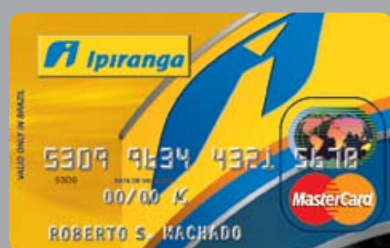
Ipiranga's fuel brands

Ipiranga's various fuel products have attributes associated with quality, to better cater to those who have a passion for cars.



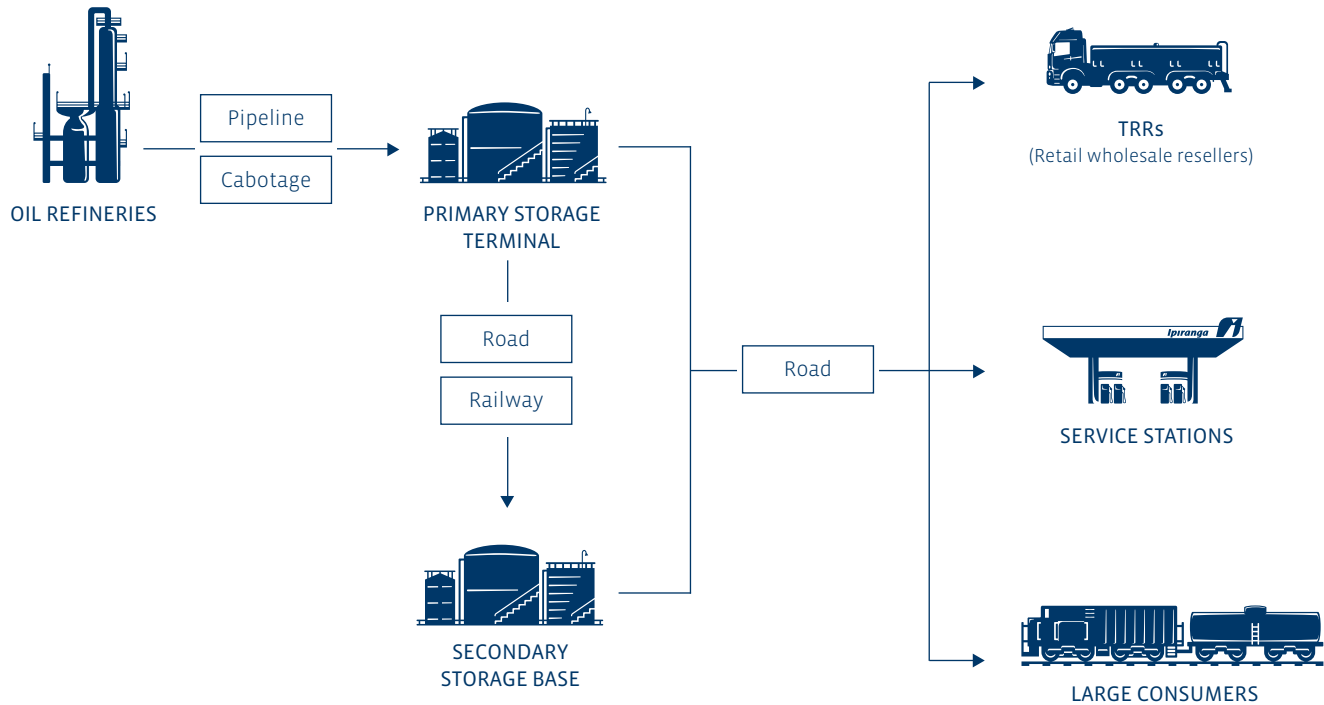
Ipiranga's card

Ipiranga has different types of credit card, which offer exclusive advantages to clients.

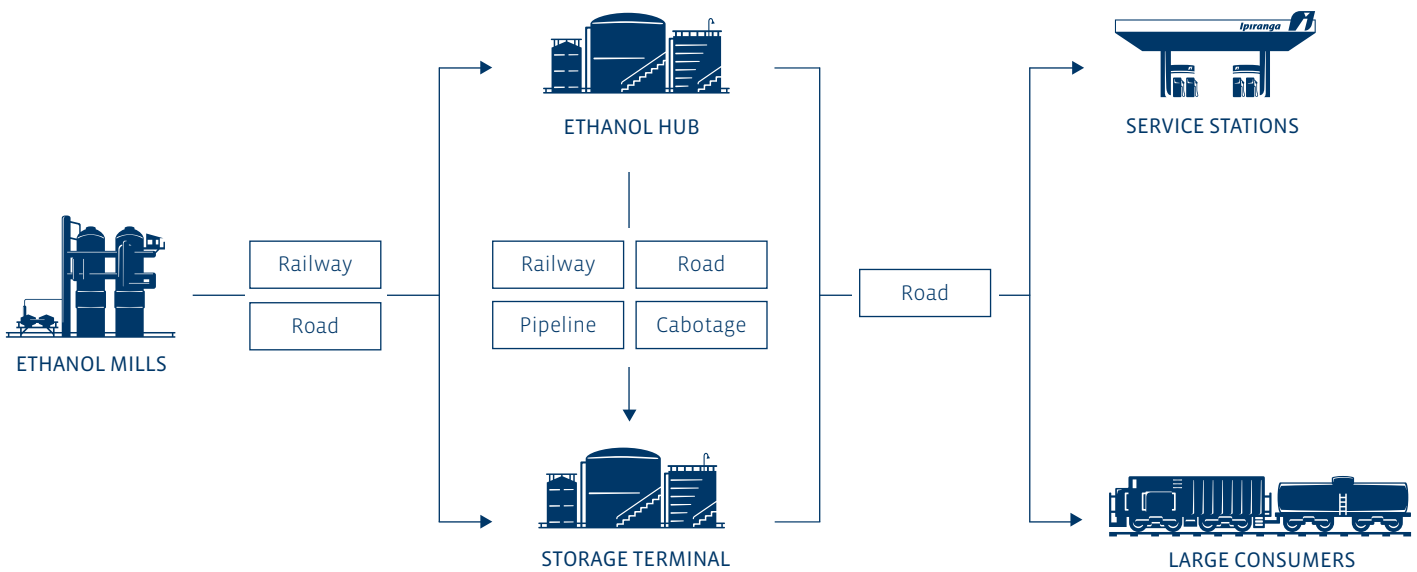


Ipiranga operational Infra-structure

Oil derivatives



Ethanol



- **PRIMARY BASE**

Is that which receives the product directly from the refinery, or imported via ship, without passing through another base.

- **SECONDARY BASE**

Is that which received the product from another base (either primary or secondary base).





Improvements in sales mix, expansion of the production capacity, acquisitions and investments in innovation have kept Oxiteno focused on sustainable growth.

Oxiteno

During 2007 Oxiteno invested a total of R\$ 453 million, mainly in the expansion of production capacity, particularly in the construction of its fatty alcohol plant, in the expansion of the production capacity of specialty chemicals and in the expansion of ethylene oxide production at Mauá plant, a significant portion of which starts to operate in 2008. In addition, the company strengthened its position in the Americas, with the opening of commercial offices in Argentina and in the United States as well as with acquisitions in Mexico and Venezuela.

In Mexico, Oxiteno acquired the operational assets of Unión Química, becoming leader in the Mexican specialty chemicals market. The acquisition of Arch Química Andina, a producer of specialty chemicals operating in Venezuela, the only ethylene oxide producing country in Latin America where Oxiteno did not have operations, is in line with the company's strategy of expansion and internationalization and aims to: (i) strengthen the company's presence in the Americas, representing an opportunity to develop the Andean market, (ii) source of raw material at competitive prices and (iii) expand the company's production capacity of ethoxilates by up to 70,000 tons/year.

Investment in the expansion of production capacity and the development of new products and applications, associated with the better performance of the economy have resulted in gains in market share and in an improvement of the sales mix, with a greater proportion of specialty chemicals as a percentage of volume sold.



Oxiteno has been expanding its production capacity with a view to increasing sales volume, capturing economies of scale and enriching its sales mix. Investment estimates for 2008 and 2009 total R\$ 650 million.

Sales volume increased by 14% compared to 2006, with special attention to the expansion seen in domestic sales, of 13%, which is more than twice the growth achieved by the Brazilian economy, while sales of specialty chemicals were up by 18%, some 3.5 times Brazil's GDP growth. Sales to the export market were up by 18%, mainly as a result of higher exports of glycols in the fourth quarter, as a consequence of supply restrictions experienced by other producers in the international market. The sales volume of our subsidiaries abroad increased by 40% in 2007, as a consequence of the increase in sales volume of Oxiteno Mexico and the acquisition of Oxiteno Andina. Oxiteno reported EBITDA of R\$ 155 million, down 19% compared to 2006. The two main factors behind this reduction in earnings were the 10% appreciation in the Brazilian Real and the pressure on margins as a result of the continuing increase in the cost of raw materials, particularly ethylene costs.

GROWTH

In addition to these acquisitions, Oxiteno established conditions to achieve sustainable growth through the expansion of its production capacity in existing sites, which has enabled it to modernize its industrial park and to achieve gains through increased scale.

An example of this expansion is the new alcoxilation unit at Mauá plant, which started to operate in July 2007. The technology used, in line with the most modern in the world, includes significant advances

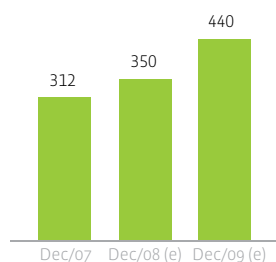
such as improved quality, process safety and a higher level of automation. Full capacity should be reached by late 2008, together with the expansion of the ethylene oxide reactor, which will enable the company to cope with the growing demand for specialty chemicals.

In August 2007 the company carried out the expansion of the ethanolamines unit in Camaçari (BA), which involved the addition of new equipment and the modification of existing equipment to raise capacity from 45,000 tons a year to 110,000 in 2008. This expansion meets the growing demand for amines, basically for agricultural products like herbicides, cosmetics and cleaning-product markets, segments which have presented significant growth as a result of Brazil's position as one of the largest global exporters of agricultural commodities, as well as due to the rise in disposable income among the Brazilian population.

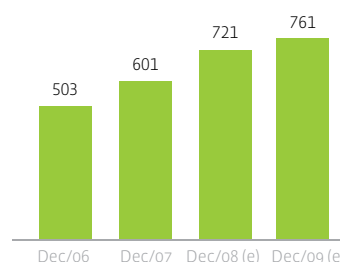
Also at Camaçari a new boiler was brought into service in October for the generation of steam, in preparation for the start-up of the Oleoquímica, the new fatty alcohols plant. This boiler has the advantage of being bi-fuel capable – able to use gas or fuel oil, which not only allows a choice of fuel according to the best cost conditions but also results in a greater degree of operational reliability with alternatives available in the event of fuel supply problems.

Oleoquímica is the first plant in Latin America to produce fatty alcohols, with a production capacity of approximately 100,000 tons of products a year, using

ETHYLENE OXIDE – PRODUCTION CAPACITY
(’000 ton)



SPECIALTIES – PRODUCTION CAPACITY
(’000 ton)



a renewable raw material, palm kernel oil. Oxiteno is currently the largest consumer of fatty alcohols in Brazil, reacting the product with ethylene oxide to produce specialty chemicals, mainly for the cosmetics, detergents, textiles and agrochemicals markets.

With this new plant Oxiteno will reach a level similar to the world's five largest fatty alcohol producing companies – Sasol, Shell, Cognis, KAO and P&G – none of which have a plant in Latin America, which is currently supplied only with imports. The start-up of operations at the fatty alcohols plant and the expansion to specialty chemicals production capacity will result in increased sales volume from 2008 onwards.

With the acquisition of Ipiranga Oxiteno took over the management of the operations of Empresa Carioca de Produtos Químicos – EMCA, the largest producer of white mineral oils and special fluids in Latin America. The geographical positioning of the plant in the Camaçari Petrochemical Complex simplified the process of integration with Oxiteno and will optimize their processes, such as transportation and the sharing of suppliers. In just one month the main management systems of EMCA were replaced and the company started to operate as another production unit within the Oxiteno organization. Commercially, the integration of EMCA reinforces the presence of Oxiteno in the pharmaceutical, cosmetics, oil and plastics sectors. The new unit is likely to have strong synergies with the fatty alcohols plant because its

mineral oils complement the portfolio of vegetable based products which will be supplied by the fatty alcohol plant.

INTERNATIONALIZATION

The company's internationalization project constitutes a major step in accelerating the growth of Oxiteno and is based on the technological differentiation of products and processes, in the production of specialty chemicals and in the relationships with multinational clients. Oxiteno's significant technological capabilities allow the company to also operate in the licensing of production technology. Among the transactions already carried out is the sale, in 2005, of the company's ethanalamine and ethoxilate production technology to Project Management and Development Co. (PMD), a company in Saudi Arabia, which is building a petrochemical complex in the city of Al-Jubail.

With the aim of preparing its employees and creating a culture with global focus, an international management department has been created in order to develop and propose improvements to internal processes, with a view to achieving greater integration and knowledge sharing between the various units in Brazil and abroad.

During 2007, various initiatives have strengthened Oxiteno's international positioning. With a view to consolidate the strength of the Oxiteno brand name and its global reach, from July 2007 the name Canamex Químicos, S.A. de C.V. was changed to Oxiteno Mexico, S.A. de C.V. Initiatives were also taken in terms of the standardization of institutional

communication material and the general promotion of products both to internal and to external public audiences.

The company's presence in Latin America was strengthened through two acquisitions, the first in San Juan Del Río, in Mexico, with the purchase of the operational assets of Unión Química S.A. de C. V., with focus on expanding production lines at Oxiteno Mexico in the sulfate and sulfonates segments, for the cosmetics and detergent sectors, including the production of anionic surfactants. The assets include a plant with a production capacity of 8,600 tons a year, with the potential to generate annual revenues of approximately US\$ 10 million. With this plant, Oxiteno now has three production units in Mexico, the others being located in Coatzacoalcos and Guadalajara, as well as a central office in Mexico City.

As part of the strengthening of its position in the Americas, in September Oxiteno acquired Arch Química Andina, C.A. in Venezuela, a subsidiary of the American firm Arch Chemicals, Inc. Arch is the only ethoxilate producer in Venezuela, until then the only ethylene oxide producing country in Latin America where Oxiteno did not have operations. Once the bureaucratic procedures were completed the company's name was changed to Oxiteno Andina. Oxiteno Andina has a sales office in Caracas and the main markets served by the company are cosmetics, detergents and agrochemicals, with a line of ethoxilates similar to the line produced by Oxiteno in Brazil. Oxiteno Andina also produces polyols, being the largest local supplier to the foam industry for mattresses and cushioning material. The price tag of the acquisition was US\$ 7.6 million and the company is expected to generate net revenues of approximately US\$ 60 million when operating at full capacity.

The office in Argentina, inaugurated in the beginning of 2007, has the purpose of strengthening Oxiteno's relationship with the market in that country, which has

shown significant growth over the past few years. In July 2007 Oxiteno announced the opening of its first sales office in the United States. The company already exports to that country, in particular through its subsidiary Oxiteno Mexico, and a local presence is a key factor to increase the potential growth in that market, particularly in the sale of specialty chemicals. Between 2008 and 2009 Oxiteno expects to open two more offices, one in Europe and the other in Asia.

INNOVATION AND TECHNOLOGY

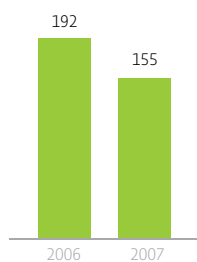
In a document published at the beginning of 2007, the Ministry of Science and Technology (MCT) published its approval of financial support for the cooperative implementation of technological research and development projects between companies and scientific institutions as part of the Industrial, Technology and Foreign-Trade policies. Oxiteno has presented nine proposals, eight of which have been approved, the majority related to nano-technology, an area in which Oxiteno has been investing in research for some time and that is aligned with the interests of Brazil and with the trends in the chemicals industry.

Investment in innovation and the development of new technologies in partnership with companies and universities is another operational front adopted by Oxiteno in the search for growth and value creation. In addition to nano-technology, the company invests in research in the quest for renewable sources of raw material – the so-called "green chemicals". The company's research division has the support of a Science and Technology Committee (CCT), made up of some of the most well-known academics and consultants in the surfactants segment in the world. Its annual meeting took place in September and themes were debated involving the performance of the surfactants market and the opportunities for that market in Brazil and in other countries, as well as the latest technological trends.

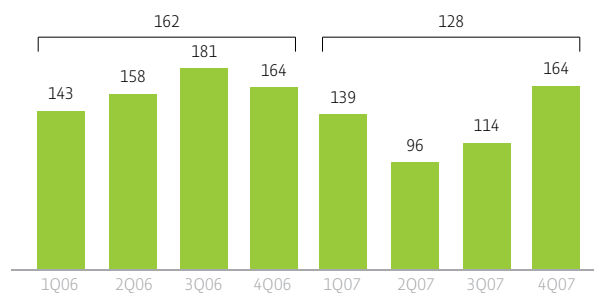
OXITENO UNITS LOCATION MAP



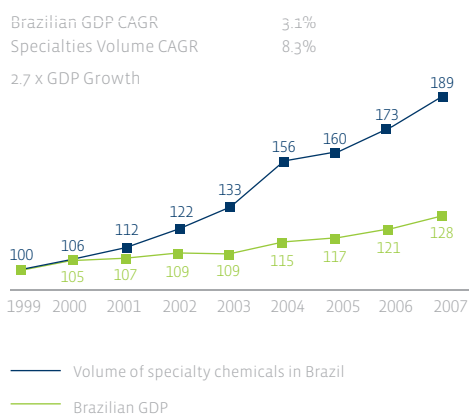
OXITENO EBITDA
(R\$ million)



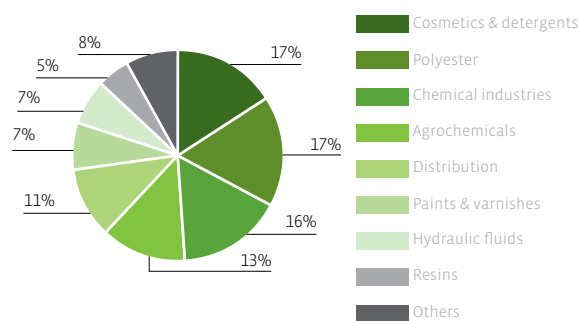
OXITENO EBITDA/TON
(US\$)



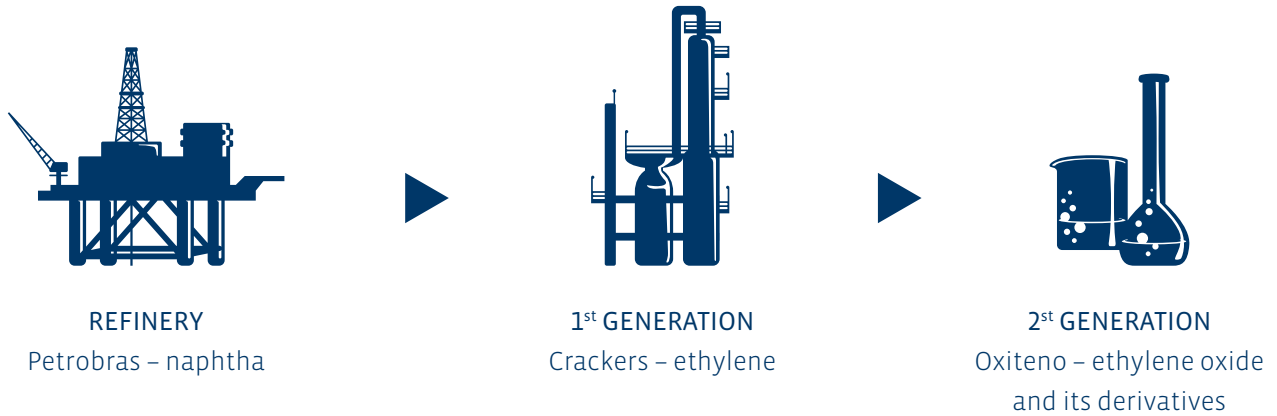
SPECIALTY CHEMICALS SALES vs. BRAZILIAN GDP



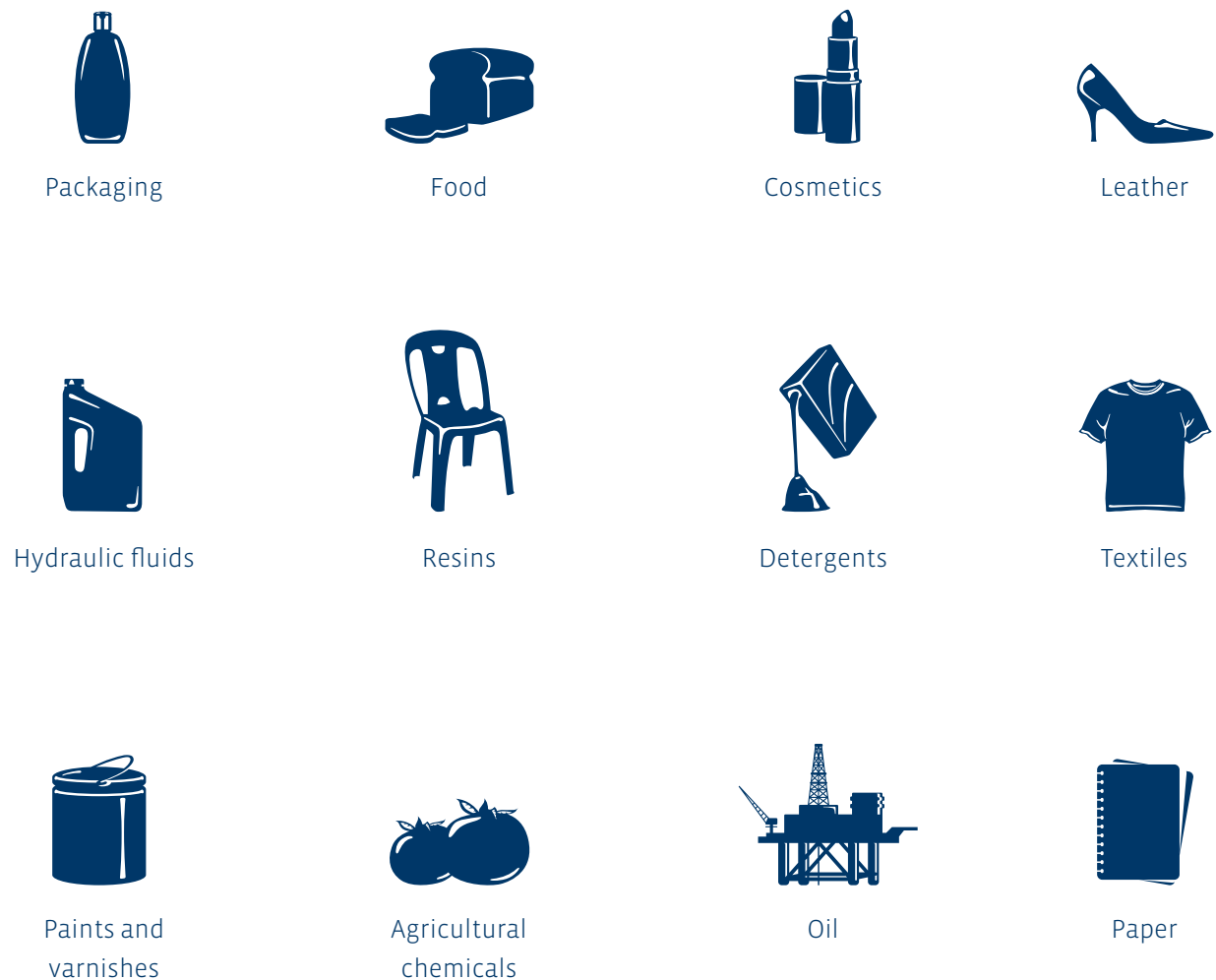
OXITENO SALES IN BRAZIL - BREAKDOWN BY SEGMENT IN 2007



Oxiteno – Position in the petrochemical chain...



...broad coverage of markets and applications of ethylene oxide and derivatives







Market leader in logistics for special bulk cargo and with strategically positioned assets in the country's main ports and intermodal junctions, Ultracargo shall benefit from the growing demand for logistics services in Brazil.

Ultracargo

The continuing growth in demand for logistics infrastructure has enabled Ultracargo to expand its operations over the last few years. The company is already benefiting from the investments made over the last few years and new market positioning which have strengthened its leadership in the segment of logistics for bulk cargo that require special handling. The acquisition of Petrolog expanded the company's market share in the in-house logistics segment and enabled it to expand the array of services it provides.

In 2007, the higher occupancy rate at the terminals of Suape, Santos and Aratu contributed to an increase of 17% in storage levels compared to 2006. The distance traveled recorded by Ultracargo was 21% lower than in 2006 as a result of Ultracargo's decision to concentrate its operations in providing differentiated services. Ultracargo's EBITDA amounted to R\$ 43 million, up 13% compared to 2006, as a result of increased operations in the storage segment and the acquisition of Petrolog.

EXPANSION

With a view to capitalize on increased demand for specialist logistics operations in Brazil Ultracargo is preparing to expand its operations through acquisitions and organic growth. In May 2007 the company acquired Petrolog – an in-house logistics company that provides services in the management of finished products, packaging, inventories control, warehousing and shipping to the domestic and export markets at its clients' installations.



A good example of Ultrapar's experience in logistics which require special handling is **Ultracargo Gourmet**, a logistics solution which includes the collection of bulk flour from the mill, its transport in special vehicles and its discharge into silos on the client's premises.

Another advance made in this strategy took place in July 2007 when the company won the contract to carry out in-house logistics operations for Petroquímica União (PQU). One of the main shareholders of the company is Unipar, which among its subsidiaries has Polietilenos União – also a client of Ultracargo's in-house logistics services.

Since the beginning of the year the project which Ultracargo had been developing with MEGlobal for M&G Polímeros became fully operational. The project consists of the construction of a pipeline linking the Ultracargo terminal to the M&G plant, at the port of Suape (PE), in addition to special storage areas. The structure works under a special customs regime: the imported product may be stored in a bonded warehouse while taxes levied on the product are suspended for a period of up to one year. This unprecedented procedure in the Northeast of Brazil was made possible by Ultracargo in order to follow the international trend in the storage of bulk liquids.

The operations Ultracargo carries out with Air BP also saw a substantial increase in 2007. In addition to transport logistics for kerosene (Avtur) and aviation gasoline (Avgas) the company also took over the management of fuel inventories for the client directly at the plant, distributing the product in the 11 airports in which BP operates in Brazil.

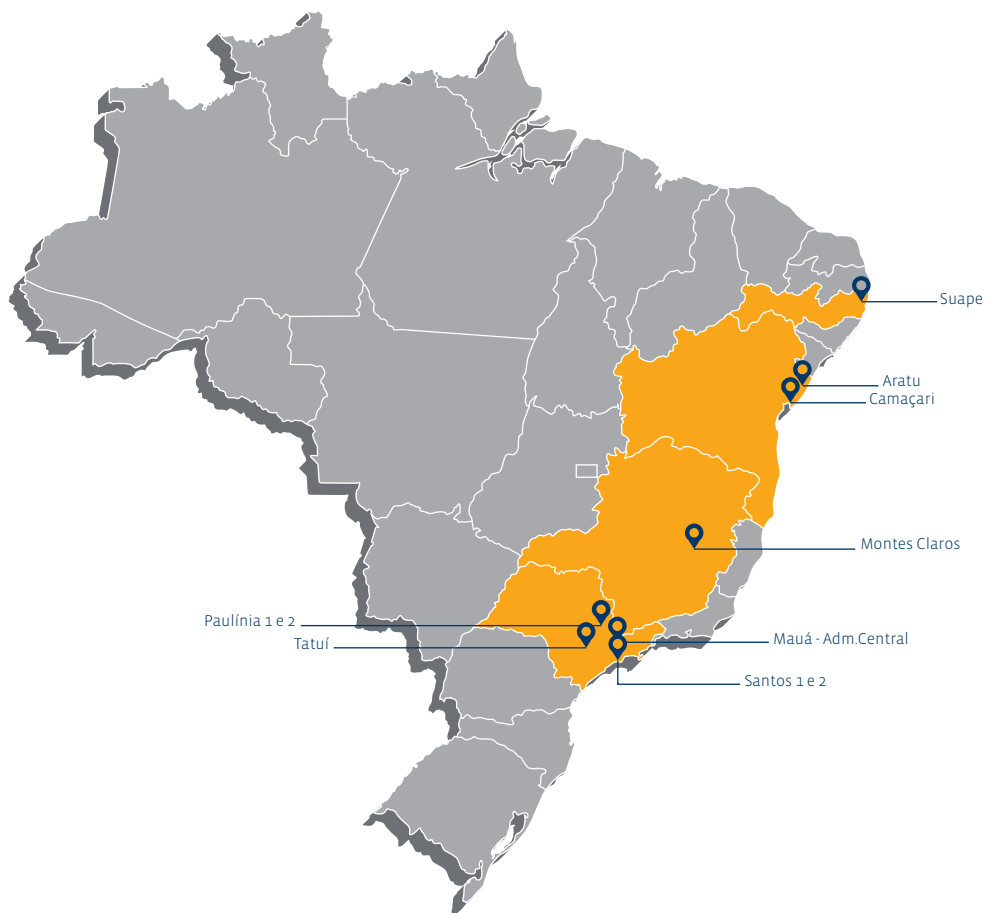
In 2007, the expansion project carried out at the Aratu terminal started to operate for the storage of palm kernel oil, the main raw material for the new Oxiteno unit, Oleoquímica.

NEW OPERATING AREAS

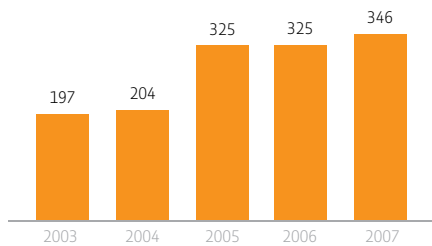
Within the area of bulk solids, Ultracargo will be applying its expertise in the transport and storage of products that require special handling, to provide logistics for food products. In September the company started to use a new supply model for the bulk loading of flour destined for the pasta industry from various ports. The project is innovative in many aspects: it avoids waste and contamination of the product, which is collected directly from the mills and taken directly to the food industry, and transferred to another silo, installed by Ultracargo. The Food Technology Institute (ITAL) of Campinas (SP) supported the development of this project together with Ultracargo. In the future, the system may also be made available for the logistics of refined sugar.

These new services represent major opportunities for the generation of new business within Ultracargo's business strategy of achieving recognition as one of the largest and most complete providers of logistics services for special bulk cargo. In addition to these initiatives, the company also took its first step in an international direction at the end of 2006, beginning operations in Argentina for the Fábrica Carioca de Catalisadores (FCC).

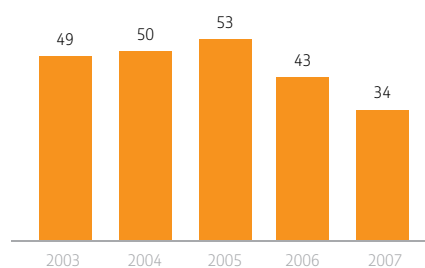
ULTRACARGO UNITS LOCATION MAP



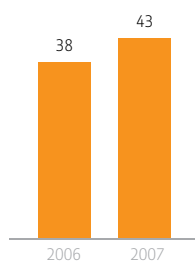
ULTRACARGO EFFECTIVE CAPACITY IN TANKS
('000 m³)



ULTRACARGO TOTAL KILOMETERS TRAVELLED
(km million)



ULTRACARGO EBITDA
(R\$ million)



In 2007 Ultracargo announced estimated investment of R\$ 110 million for 2008 and 2009, for the expansion of its storage capacity, particularly the terminals at Santos and Aratu, basically as a consequence of the increase in demand for import/export logistics in Brazil.

This new activity paves the way for the company to expand its frontiers of operations in South America.

NEW BASES AND TERMINALS

Three new warehouses of Ultracargo, located in Mauá (SP), Camaçari (BA) and Suape (PE) began operations in 2007. The new operational base at Mauá, inaugurated in March, concentrated operations formerly divided between two locations, including the centralizing of the administrative, commercial and operational activities of Ultracargo in the Southeast region of Brazil. The 90,000 square meters land, set in an outstanding location in metropolitan São Paulo, will serve as a place for the storage of company's assets and as a base for the transport activities, and is equipped with facilities to provide warehousing for solid cargo.

The Camaçari Intermodal Terminal – TERCAM – began operations in April 2007 and represents an important instrument for the operation of companies in this petrochemical complex in Bahia, region with a shortage of integrated transport and storage services. The 5,000 square meters warehouse doubles previous capacity and paves the way for the use of new transport modes, as it is located next to the Centro-Atlântica Railway. Also in Bahia the company has expanded the Aratu Terminal for the storage of palm kernel oil, the raw material to be used in Oxiteno's fatty alcohol plant. At Suape, the demand

for terminals closer to consumer centers has led to the building of a warehouse with 3,300 square meters in size, within the port complex, to serve a variety of clients.

In addition to these installations, Ultracargo also has intermodal terminals at Santos (TIS), Paulínia (TIP) and Tatuí (TIT), in the state of São Paulo, and at Montes Claros (TIM), in the state of Minas Gerais. Ultracargo's assets enjoy a major differential in terms of their strategic location close to Brazil's main railway junctions or to maritime terminals, as well as in their scale of operation. The Santos Terminal, although recently built, has undergone improvements with a view to match the expansion in export operations. The Montes Claros terminal has set a number of new records in the handling of fuels, consolidating Ultracargo's position in the storage of oil derivatives.

In 2007 Ultracargo announced planned investments of R\$ 110 million for 2008 and 2009, for the expansion of its storage capacity, with particular focus on the Santos and Aratu terminals, mainly as a result of the increased demand for import and export logistics in Brazil. This expansion will add 117,000 m³ of storage capacity for liquid products, equivalent to approximately 35% of the company's current storage capacity.





Operating for over 70 years in LPG distribution and with a client base of approximately 10 million families, Ultragaz is the leader in the local LPG distribution market.

Ultragaz

Through its 15 filling plants, 21 storage plants, 84 company-owned retail stores, a further 4,300 independent dealers, 1,500 vehicles and approximately 5,000 employees, Ultragaz carries out the bottling and sale of approximately 7 million LPG cylinders a month, operating throughout Brazil, with the exception of the Northern region where it will begin operations in 2008 with the company's debut in the state of Pará.

In 2007 the Brazilian LPG market expanded by 2.5% compared to 2006, a reflection of the improvement in the economy and the rise in disposable income among the Brazilian population. The volume sold by Ultragaz followed the market trend, with 1.6 million tons of LPG sold, in particular the 5% growth in the bulk segment (**UltraSystem**).

Net sales at Ultragaz amounted to R\$ 3,113 million, 2% higher than in 2006. EBITDA at Ultragaz amounted to R\$ 252 million, 10% down on the previous year, essentially as a consequence of increased market competition in the bottled segment in the second half of the year.

NEW MARKET NICHEs

During 2007 Ultragaz sought to expand through the search for opportunities in niche markets. At **UltraSystem**, the company's LPG bulk supply system, in which the company is a pioneer, investments as well as differentials

Ultragaz's cylinders are identified by their blue colour, undergoing a rigorous verification process of their safety condition and usability during the bottling process. The objective is to clearly show our quality differentials to the consumer – safety, correct weight and cleanliness.

With the aim of ensuring greater flexibility in the re-certification of gas cylinders and reducing the total time involved, Ultragaz again introduced a further innovation, developing a label which is fixed to the cylinder, describing the detailed characteristics of the cylinder, instead of marking the canister directly.

offered have resulted in significant expansion during the year. Another way of making the most of opportunities in niche markets was the decision to expand the company's operations into the specialty gases segment, with sales of dymethyl-ether (DME). Ultragaz, already the market leader in the supply of butane and propane for use in the propellant market, will be adding DME to its product portfolio. DME is considered to be a differentiated product in terms of its lower cost of formulation and packaging, as well as having environmental benefits. Currently, a large portion of the propellants consumed in Brazil for application in the cosmetics segment is imported and Ultragaz plans to capture this market through the substitution of imports with its own products. To this end the company has signed a long-term exclusive contract to make it possible to build a DME plant in Brazil.

In November 2007, the company also announced that it will be strengthening its presence in the Northeast and North regions of Brazil, selling LPG in Maranhão and Pará, states where the company did not have a major presence, with a view to capitalizing on the growth in LPG consumption in these regions, which is above the



national average. In 2006, Pará and Maranhão consumed 248,000 tons of LPG. LPG consumption per capita in Maranhão and Pará is approximately 16 kg/year and 21 kg/year, respectively, while the rest of Brazil has a per capita consumption of around 35 kg/year. The investment associated with this initiative is estimated at R\$ 50 million over the next 4 years. This initiative, besides increasing the level of sales will also provide Ultragaz with a better market positioning in relation to the competition.

Another initiative was the development of a new application for LPG in the sterilization of pallets used in the export of perishable products. The process is carried out using a mobile oven which is taken to clients who request this service, as is the case of various clients who operate in the agro-industry.

70 YEARS OF ULTRAGAZ

Officially celebrating 70 years of existence on August 30, 2007, Ultragaz held a series of commemorative events during the year and conducted TV publicity campaigns. A video documentary was compiled with testimonies from former employees and a special insert

in the company's in-house magazine encouraging employees to tell unusual events or peculiar stories associated with the company to be brought together in a special publication. The commemoration of the 70 years of Ultrapar aimed to bring the company closer to its clients and to strengthen their relationship with these clients and with the company's employees.

The foundation of the company in 1937 was a milestone for Brazilian households. Ultragaz was the pioneer in the distribution of bottled gas in the country, which also came to be known as "cooking gas". It was also the first distributor to maintain a scheduled delivery service and various other facilities before building up to the current range of services offered to the residential consumer, which include **Disk Gas** (dial for gas) – a toll-free telephone service to receive orders and deliver gas cylinders to the consumer for the same price as from the truck, **Scheduled Delivery**, whereby the client has the choice of scheduling the delivery for the most convenient day, and Vale Ultragaz, which at the beginning of 2007 was renamed **Ultragaz Já**, a service for the companies' employees, with deduction directly from their payroll.

Ultragas's gas cylinders are identified by their blue color and undergo a rigorous process to check their safety and use condition during the bottling process. The objective is to provide the consumers clear evidence of the company's differentials, namely: safety, correct weight and cleanliness.

INNOVATION AND PIONEERING STANCE

In 1995, Ultragas innovated the industrial and commercial sectors with the creation of **UltraSystem**, a system for the supply of LPG in bulk, directly supplied from a tanker truck to the storage tank installed at the client's premises. More recently, the company introduced **Conta Única**, a special service for residential condominiums, with individualized accounts for each residence.

One of the main characteristics of Ultragas is that it maintains the same standard of service and quality in the locations in which it operates: the South, Southeast, Midwest and part of the Northeast regions of Brazil, whether through its own operations or through the transfer of its best practices to its sales agents network, who are required to maintain the high standards of service that is the characteristic of the company.

In addition to LPG, Ultragas also supplies a line of industrial propane, butane and a mixture of these two gases to be applied as propellants. In the aerosol segment, the company's capacity for innovation has enabled it to dominate the market with an 85% market share. Its solutions are formulated at a modern gas laboratory, the only such private-sector laboratory in Brazil. An example of this pioneering tradition is the innovation and expansion of its operations into the specialty gases segment through the sales of dimethyl-ether (DME).

Moving ahead with its process of continual optimization, the company has elected to prioritize two particular projects over the next few years: **UltraLevel** and **UltraFlex**. These initiatives represent new business models, focused respectively on the residential and business segments, to be introduced into all the company's units by 2010.

Moving ahead with its continual optimization process, Ultragas has opted to prioritize two projects for the next few years: **UltraLevel** and **UltraFlex**.

These initiatives represent new business models, focused, respectively, on the residential and business segments, to be introduced into all the company's unit by 2010.

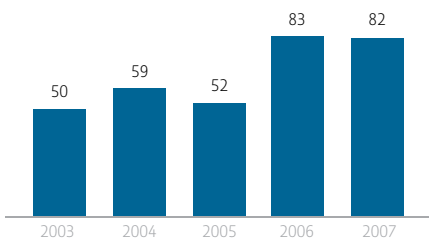
UltraLevel consists of a training project for employees, particularly operational managers, providing them with tools to ensure increases in profitability. Through **UltraFlex** the company intends to acquire new clients and achieve excellence in the management of its current client base. A logistics operations team, created at the beginning of the year, provides support for the restructuring and standardization of the entire distribution system, adopting the best management and operational practices, providing adequate technological tools to monitor performance.

As part of the standardization movement most bases of Ultragas carry ISO 9001:2000 certification, and the remainder are undergoing certification processes. The base in Paulínia (SP) obtained a recommendation for the scope of its LPG bottling for various recipients; and the base at Betim (MG) achieved certification for its **UltraSystem** process in 2007. The production base at Mataripe (BA) underwent a maintenance audit and was recertified ISO 9001:2000, for the 11th time – a new record for the company.

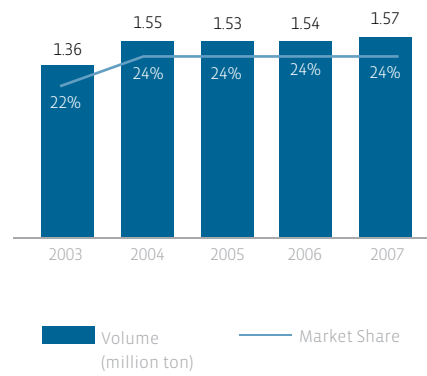
ULTRAGAZ UNITS LOCATION MAP



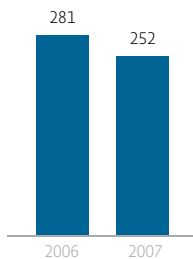
ULTRAGAZ EBITDA/TON
(US\$)



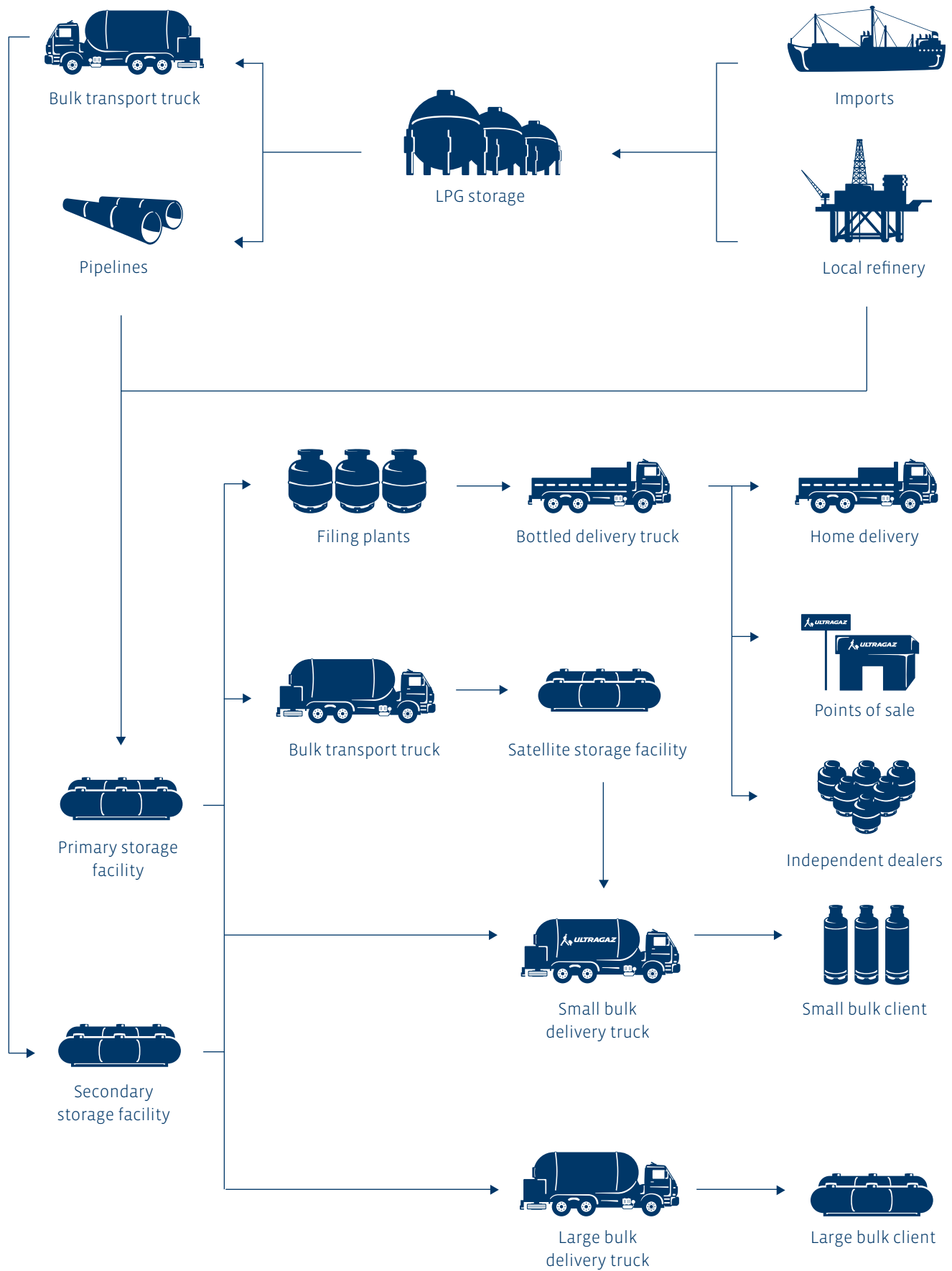
ULTRAGAZ SALES VOLUME AND MARKET SHARE



ULTRAGAZ EBITDA
(R\$ million)



LPG distribution in Brazil





Earnings review and outlook







Ultrapar has reinforced its position amongst Brazil's largest economic groups, paving the way for new investment directed at continued growth in light of the favorable scenario for the Brazilian economy.

Earnings review

The year 2007 represented a milestone for Ultrapar. In one of the largest private-sector acquisitions in Brazilian history, Ultrapar acquired the fuel distribution businesses of the Ipiranga Group in the South and Southeast regions of Brazil, together with the Ipiranga brand, reaching a new level of size and scale and creating uncountable benefits and growth opportunities for the company. With this acquisition Ultrapar strengthened its way ahead for sustainable growth and made significant progress in expanding its presence in the capital markets.

In terms of consolidated economic performance, in 2007 Ultrapar generated net revenue of R\$ 20 billion and EBITDA of R\$ 779 million, an increase of 316% and 51%, respectively, compared to 2006, strongly influenced by the acquisition of Ipiranga. Net earnings amounted to R\$ 182 million, 35% less than the net earnings reported in 2006, as a result of the transitory effects of increased indebtedness and minority shareholdings stakes related to the acquisition of Ipiranga.

MACROECONOMIC SCENARIO

The economic and operational environment in 2007 was characterized by an increasing dynamism in the Brazilian economy, led by the expansion of the domestic consumer market. The increasing purchasing power of the Brazilian population, combined with the reduction in Brazil's basic interest rates, a stable inflation scenario and greater availability of credit, have resulted in growth in the three sectors of the economy – services, industry

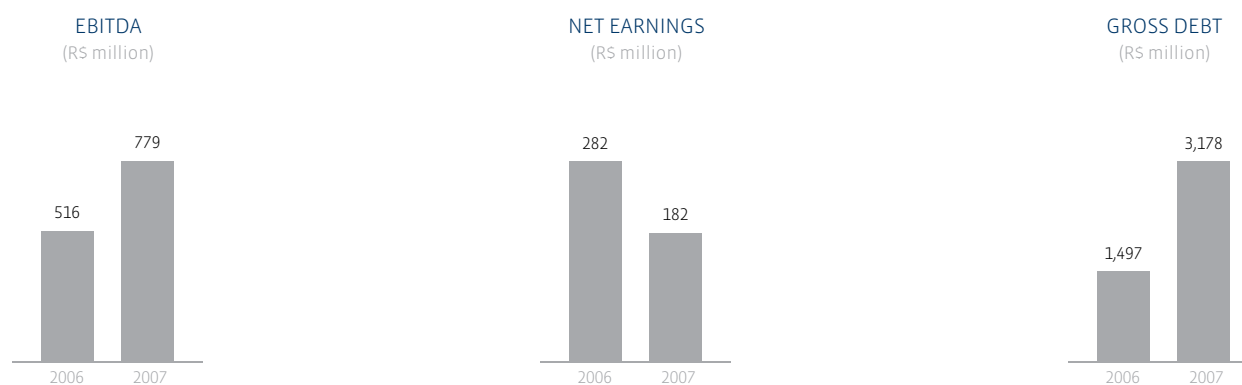


and agriculture – with particular emphasis on the strong performance in the construction and automotive industries. According to data published by Brazilian Central Bank Brazilian GDP has increased by 5.4% after years of more modest performance. The focal point in the Brazilian macroeconomic scenario this year was the 10% appreciation of the Brazilian Real against the US Dollar, resulting for the fourth year in a row in the Brazilian average exchange rate appreciation, with effects on the industrial sector, which has been losing competitiveness both in the international and domestic markets, where it competes with imported products. Additionally, the continuous increase in international oil prices, rising from an average of US\$ 65/barrel in 2006 to US\$ 73/barrel in 2007, added pressure on costs in the economy as a whole, particularly in the petrochemical industry.

OPERATIONAL PERFORMANCE

In 2007, Brazilian LPG market grew by 2.5% compared to 2006, as result of better economic performance and increase in the purchase power of the Brazilian population. Ultragas volume sold followed the market trend, with a total of 1,572,000 tons of LPG sold, with emphasis on the 5% growth in the bulk segment (**UltraSystem**). At Ipiranga

sales volume was up 6% compared to 2006 as a result of the growth in Brazil's vehicle market and improvements made to legislation and inspection implemented in the sector, for example ANP resolution N° 07, which regulates distributors' sales to branded service stations, and the implementation of CODIF/Passé Fiscal (anhydrous ethanol sales monitor) particularly in São Paulo state. At Oxiteno, the improved performance of the economy together with investments made in production capacity and in the development of new products and applications resulted in gains in market share and an improvement in sales mix, with a larger share of specialty chemicals in the volume sold. Sales volume increased by 14% compared to 2006, with particular emphasis on sales to the domestic market, which were up by 13%, more than twice the estimated growth of the Brazilian economy. Sales to the external market increased by 18%, largely due to increased exports of glycols in the fourth quarter, as a consequence of restrictions in the supply of this product in the international market. Sales volume at our foreign subsidiaries increased by 40% in 2007, mainly due to the increase in the volume sold at Oxiteno Mexico and the acquisition of Oxiteno Andina. At Ultracargo, the higher level of storage at the Suape, Santos and Aratu terminals contributed to a



17% increase in the storage volume, compared to 2006. Distance travelled at Ultracargo was 21% down on 2006, as a consequence of the company's decision to concentrate its operations in providing differentiated services.

NET SALES AND SERVICES

In 2007 Ultrapar reported net sales of R\$ 19,921 million, up 316% on 2006 basically due to the consolidation of Ipiranga's results since 2Q07. Net sales of Ultragaz amounted to R\$ 3,113 million, 2% higher than in 2006, as a result of increased sales volume, partly offset by a more competitive market in the second half of the year.

In 2007 Ultrapar generated net sales of R\$ 20 billion and EBITDA of R\$ 779 million, up 316% and 51%, respectively, compared to 2006, strongly influenced by the acquisition of Ipiranga.

Ipiranga's Pro-forma net sales amounted to R\$ 19,473 million in 2007, up 2% on 2006. Despite the growth in volume and the benefits from the improved regulation and inspection in the sector, Ipiranga's net sales and services were impacted by the price variation in anhydrous and hydrated ethanol, as a result of the record sugarcane harvest in 2007 and a reduction in the rate of ICMS tax in the state of Rio Grande do Sul. Oxiteno reported net sales of R\$ 1,686 million, up 9% on 2006, as a consequence of a 14% increase in sales volume and the recovery in prices on international markets, partly offset by the 10% appreciation of the Brazilian Real during the period. Ultracargo's total net sales and services amounted to R\$ 229 million, up 1% on 2006 – the 18% increase in net revenues from storage services was partly offset by the reduction in transport revenues as a result of Ultracargo's decision to concentrate its transport operations in providing differentiated services.

COST OF PRODUCTS AND SERVICES

Ultrapar's cost of products and services amounted to R\$ 18,224 million in 2007, up 372% on the previous year, due to the consolidation of Ipiranga's results since 2Q07. Ultragaz's cost of products sold amounted to R\$ 2,644 million, up 3% on 2006 basically as a result of increased



sales volume. Pro-forma cost of products sold at Ipiranga amounted to R\$ 18,412 million, up 2% on 2006, less than the variation in volume as a result of the variation in the cost of ethanol due to the record sugarcane harvest in 2007, and the reduction in the rate of ICMS tax in the state of Rio Grande do Sul. Cost of products sold at Oxiteno totaled R\$ 1,359 million, up 14% compared to 2006, basically due to a 14% increase in sales volume – higher unit costs, due to successive oil price increases, were compensated by the 10% appreciation of the Brazilian Real. The cost of services provided by Ultracargo totaled R\$ 145 million, practically stable compared to 2006.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Ultrapar's sales, general and administrative expenses totaled R\$ 1,223 million in 2007, up 102% on 2006 due to the consolidation of Ipiranga's results since 2Q07. Sales, general and administrative expenses at Ultragas amounted to R\$ 338 million, up 3% on 2006, basically as a consequence of higher sales volume and increased expenses on advertising and marketing related to the

company's institutional marketing campaign of its 70 years. Sales, general and administrative expenses at Ipiranga totaled R\$ 738 million, up 8% on 2006 basically due to: (i) the increase in sales volume, mainly impacting freight expenses and (ii) higher expenses on advertising and marketing, as a consequence of projects such as **Ipiranga Zero Carbon Card**, **3,000 full tanks**, **Clube VIP (VIP Club)** and **Clube do Milhão**. Sales, general and administrative expenses at Oxiteno amounted to R\$ 222 million in 2007, up 5% on the previous year, below the variation in sales volume, due to the benefits from increased scale, the effect of appreciation of the Brazilian Real on international freight and lower expenses on commission agents due to the opening of sales offices in Argentina and the United States. Ultracargo's sales, general and administrative expenses amounted to R\$ 70 million in 2007, practically stable compared to 2006.

OPERATIONAL CASH GENERATION (EBITDA)

Ultrapar consolidated EBITDA amounted to R\$ 779 million in 2007, up 51% compared to 2006, due to the

EBITDA IS CALCULATED AS SHOWN BELOW:

EBITDA calculation	2007						2006
	Ultrapar	Ultragaz	Ipiranga ²	Oxiteno	Ultracargo	Others	Ultrapar
Income from operations ¹	368	90	293	127	6	67	362
(-) Equity in subsidiary and affiliated companies	(1)	-	(24)	(2)	-	(2)	(1)
(+/-) Financial income (expenses), net	119	42	(8)	(18)	9	(94)	(31)
(+) Depreciation and amortization	301	120	69	48	28	35	186
(+) Statutory participation	(7)	-	(7)	-	-	-	-
EBITDA	779	252	323	155	43	7	516

¹ Earnings before social contribution, income tax and non-operational result

² Considers only the period from April 2007 to December 2007

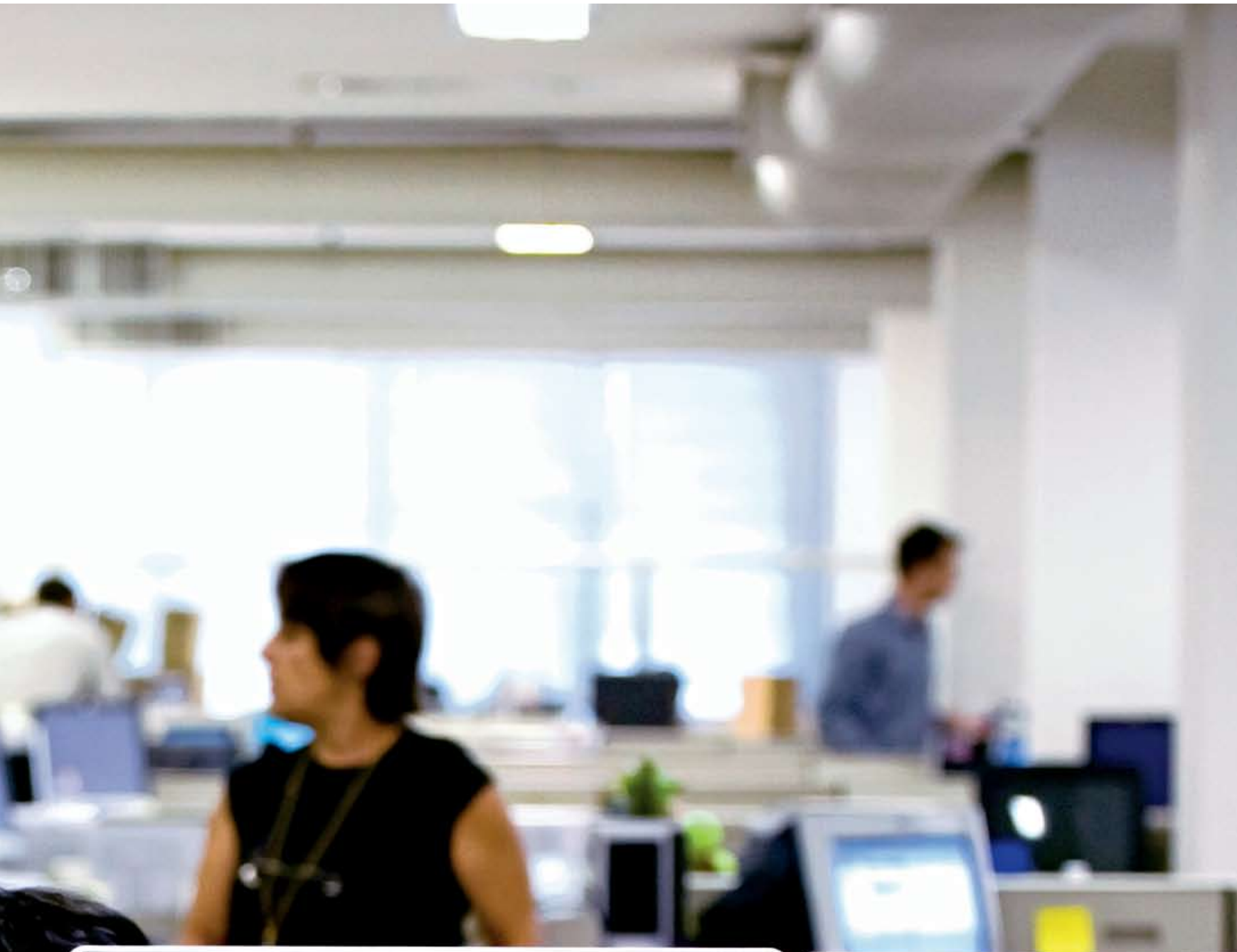
consolidation of Ipiranga's results since 2Q07. EBITDA at Ultragaz totaled R\$ 252 million, down 10% on the previous year, basically due to the increased competition of the market in the second half of the year. Ipiranga reported Pro-forma EBITDA of R\$ 420 million in 2007, up 20% compared to 2006, due to increased sales volume, measures introduced to improve legislation and inspection of the fuel sector and the effects of the record sugar-cane harvest in 2007. Oxiteno reported EBITDA of R\$ 155 million, down 19% on 2006, as a consequence of the 10% appreciation of the Brazilian Real and an increase in the cost of raw materials, particularly ethylene. EBITDA at Ultracargo amounted to R\$ 43 million, up 13% compared to 2006, as result of increased storage operations and the acquisition of Petrolog, the in-house logistics business.

NET EARNINGS

Consolidated net earnings amounted to R\$ 182 million in 2007, 35% lower than the net earnings reported in 2006, basically due to the transitory effects of indebtedness and minority interests related to the acquisition of Ipiranga.

INDEBTEDNESS

Ultrapar ended 2007 with a gross debt of R\$ 3,178 million, 112% up on December 31, 2006, as a result of the acquisition of Ipiranga. The company's gross cash position at the end of 2007 amounted to R\$ 1,744 million, resulting in a net debt position of R\$ 1,434 million. On December 31, 2007 Ultrapar's total receivables from Petrobras and Braskem amounted to R\$ 1,752 million, referring to the stake incorporated from the petrochemical and fuel distribution assets acquired from the Ipiranga Group on behalf of these companies. This amount was received by Ultrapar upon the handling of the due assets to Braskem and Petrobras.



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SPOT & FORWARD RATES

Options: **Russian** USD MXN Source: **User Selected Sources**
Pricing Date: **03/18/08** Price Type: **Contributed Prices**
Pis Format: **Contingent Contingent** Source: **Contingent** Display: **Contingent - Bid/Offr**

Dates	Pis - Bid	Offer	Fwd - Bid	Offer
03/24/08	10.7298	10.7348	10.72900000	10.73400000
03/25/08	8.8812	8.8814	10.72900000	10.73400000
03/26/08	8.8812	8.8814	10.72900000	10.73400000
03/27/08	18.1839	18.2867	10.73011429	10.73542857
03/31/08	91.0000	100.0000	10.73000000	10.73400000
04/04/08	415.0000	470.0000	10.73000000	10.73400000
04/08/08	868.0000	868.0000	10.81000000	10.82000000
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06/10/08	4762.0000	5011.3333	11.22520000	11.22513333
06/17/08	5050.0000	5100.0000	11.24000000	11.24000000
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07/01/08	7494.3310	7570.1270	11.47843310	11.49181270

405 CET 11:25 Oferta - Venda: AMPL14 Qtd: 89 PU: 10.159.500000
404 SAP 11:25 CTN TO HOST 118TH PARLIAMENTARY UNION
403 SSI 11:25 东安动力: 2008年第一次临时股东大会会议资料
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Ultrapar ended 2007 with a market capitalization of R\$ 9 billion, 115% higher than at the end of 2006, as a result of the exchange of the shares of the Ipiranga Group and of the appreciation in its shares.

Capitals markets

As part of the Ipiranga acquisition process, Ultrapar carried out two important corporate transactions in capital markets: the mandatory tag along tender offers as a result of the acquisition of control of Ipiranga and the share exchange of RPI, DPPI and CBPI, through the exchanging of these companies' shares for preferred shares of Ultrapar. The share exchanges resulted in: (i) greater alignment of interests of the company's shareholders, (ii) an increase in the liquidity of the company shares, due to expansion of the shareholder base, as a result of the concentration of the shareholders of the listed companies of the Ipiranga Group into one company, Ultrapar, with shares traded on São Paulo Stock Exchange (BOVESPA) and on New York (NYSE), and (iii) extension of Ultrapar's recognized corporate governance standards to all the shareholders of RPI, DPPI and CBPI, notably regarding the 100% tag along rights for preferred shareholders. The share exchange was completed in December 2007, with the issuance of 55 million preferred shares, increasing Ultrapar's free float from 32 million shares to 87 million shares, free float now representing 64% of the company's total capital. This significant increase in the size of free float also enabled Ultrapar to become part of Ibovespa and IBVX-2 of BOVESPA as well as the MSCI index, which is widely recognized in international financial markets.

The issue of 55 million preferred shares as a result of the exchange offer of RPI, DPPI and CBPI has increased Ultrapar free float to 64% of its total capital, enabling the company to join the Ibovespa, MSCI and IVBX-2 indices, in addition to IBR-X, IGC and ITAG.

Ultrapar's shares have reached a new level of liquidity in the stock market, with a 58% increase in the average daily volume traded in 2007, compared to the same period in 2006, considering the combined volume on BOVESPA and NYSE. Financial volume traded in 2007 amounted to R\$12 million/day, taking into account the trading in BOVESPA and NYSE, compared to an average of R\$ 5 million/day in the previous year, an increase of more than 150%. In addition, in the first quarter of 2008 with the increased free float, consequence of the shares exchange of RPI, DPPI and CBPI, Ultrapar's average daily trading volume amounted to R\$ 32 million/day, higher than the historic average of Ultrapar, RPI, CBPI and DPPI combined. The average price of Ultrapar's shares in 2007 was 63% higher than 2006 in BOVESPA and 81% in NYSE. In the same period, the main indices of these markets, the Ibovespa and the Dow Jones, appreciated by 40% and 15%, respectively. Ultrapar ended 2007 with a market value of R\$ 9 billion, 115% higher than at the end of 2006, as a result of the appreciation of its shares and the issuance of new shares in December.

In line with its philosophy of maintaining a transparent and interactive relationship with investors and shareholders, always concerned with transparency and accuracy of the information published, in 2007 the company held about 250 meetings with capital market institutions, 50% higher than meetings held in 2006, including participation in events with analysts and investors, both in Brazil and abroad.

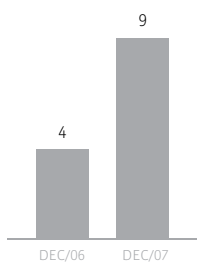
Favorable fundamentals and leadership position in all businesses in which Ultrapar operates, in conjunction with a sound financial position throughout its history is reflected in its credit ratings. Credit rating agency Moody's classifies Ultrapar as Baa3, equivalent to the so called investment grade. Standard & Poor's rates Ultrapar as BB+, one notch below investment grade, with positive outlook.

SHAREHOLDERS' REMUNERATION

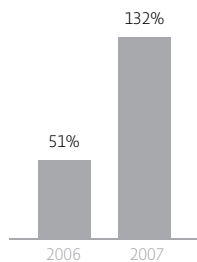
Ultrapar's bylaws guarantee its shareholders a minimum dividend distribution of 50% of adjusted net earnings, calculated in accordance with Brazilian Corporate Law. Dividends of R\$ 241 million were declared for the financial year 2007, representing 132% of consolidated net earnings in the year. Ultrapar constantly evaluates its immediate capital needs for investment in assets and acquisitions and, having ensured its continuing sound financial position, distributes its excess cash in the form of dividends to its shareholders.

During 2007, the company acquired, at an average cost of R\$ 59.37 per share, 424,500 preferred shares under the share buyback programs approved at the meetings of the Board of Directors in August 2006 and August 2007, both programs remaining in force for one year. The buyback of Ultrapar's shares represents an interesting alternative for the investment of the company's funds, the programs authorizing the buyback of up to 10% of the preferred shares outstanding.

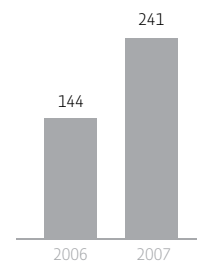
MARKET CAPITALIZATION
(RS billion)



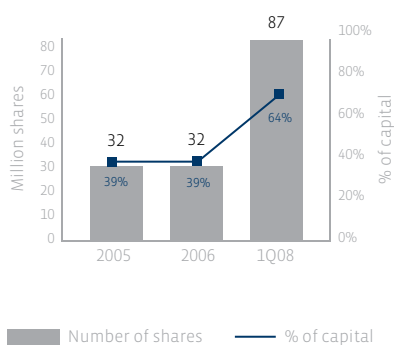
PAYOUT RATIO



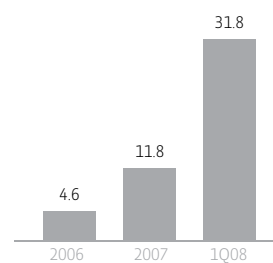
DIVIDENDS DECLARED
(RS million)



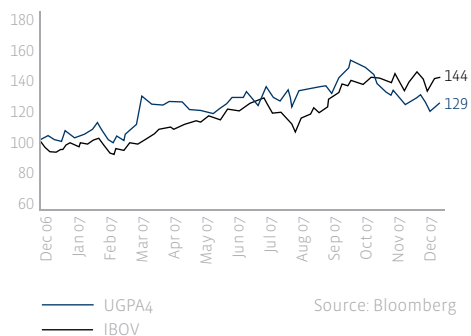
FREE FLOAT



AVERAGE DAILY TRADING VOLUME BOVESPA + NYSE
(RS million)

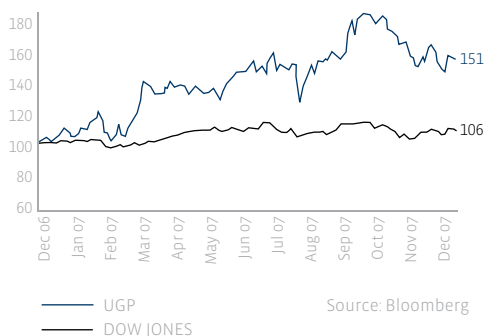


PRICE UGPA4 x IBOVESPA 2007
(index 100)



Source: Bloomberg

PRICE UGP x DOW JONES 2007
(index 100)



Source: Bloomberg



The decisions taken over the past few years have enabled Ultrapar to consolidate its position in the segments in which it operates and to continue to implement its plans for the sustainable growth of its businesses.

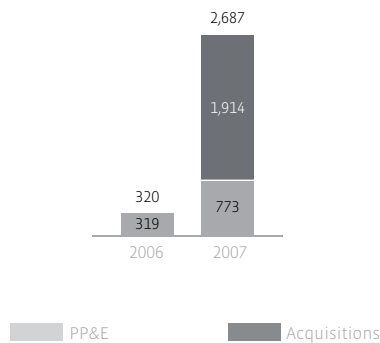
Investments and outlook

INVESTMENTS

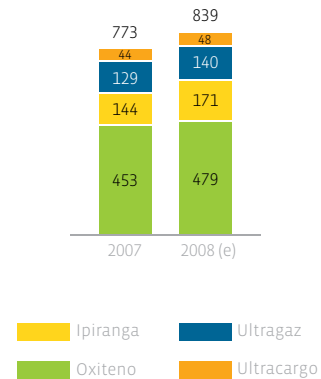
Ultrapar maintains a long-term strategic vision with focus on value creation for its shareholders. All investment carried out is submitted to a rigorous analysis, which considers economic, financial, strategic and market aspects under various scenarios, using EVA® (Economic Value Added) as its main analysis tool.

Following its growth plan, in 2007 Ultrapar invested R\$ 773 million with the aim of boosting its growth through scale, differentiated technology and through the optimization of costs and expenses. At Ultragas, R\$ 129 million were invested in bulk LPG distribution (**UltraSystem**) and in the purchase and renewal of gas tanks and bottles. Investments in the Ipiranga operation totaled R\$ 144 million, including financing customers activities, net of repayment and leased equipment, being allocated to the expansion of its distribution network, renewal of contracts and improvement in fuel service stations and distribution facilities, as well as investment related to information technology. At Oxiteno investment amounted to R\$ 453 million, concentrated on the expansion of production capacity – in particular the construction of the fatty alcohol plant, the expansion of specialty chemicals production capacity and on the expansion of production of ethylene oxide at Mauá. At Ultracargo investments totaled R\$ 44 million, being allocated mainly on the expansion of the Aratu terminal (Bahia) and on the maintenance of other terminals.

CONSOLIDATED INVESTMENTS
(R\$ million)



INVESTMENTS PER BUSINESS UNIT –
EXCLUDING ACQUISITIONS
(R\$ million)



The company's investment plan for 2008, excluding acquisitions, is budgeted at a total of R\$ 839 million, being R\$ 140 million in Ultragas, R\$ 171 million in Ipiranga, R\$ 479 million in Oxiteno and R\$ 48 million in Ultracargo.

In addition to investing in the organic growth of its operations, Ultrapar also considers acquisitions as an important resource for creating value for its shareholders. Maintaining this philosophy, in 2007 approximately R\$ 1.9 billion were invested in acquisitions, most of which in Ipiranga's transaction, which included the assumption of its existing net debt, of approximately R\$ 0.5 billion at the time of the acquisition.

The investment plan for 2008, excluding acquisitions, amounts to R\$ 839 million, R\$ 140 million to be invested in Ultragas, R\$ 171 million in Ipiranga, R\$ 479 million in Oxiteno and R\$ 48 million in Ultracargo. At Ultragas, investments basically involve expansion of bulk LPG distribution (**UltraSystem**) and the strengthening of the company's operations in the North and Northeast regions of Brazil. At Ipiranga the main investments will be made on expanding the company's service station distribution network and carrying out operational improvements. Planned investments at Oxiteno comprise: (i) the completion of the fatty alcohol plant, (ii) the conclusion of expansion of the ethylene oxide production capacity at Mauá and expansion at Camaçari and (iii) expansion in the specialty chemicals production capacity. At Ultracargo, investment will be allocated to the expansion of its terminals and internal logistics operations.



OUTLOOK

2007 represented a milestone in Ultrapar's history, with the acquisition of Ipiranga in one of the largest private-sector acquisitions ever seen in Brazil.

At Ipiranga, the good results reported after the acquisition and the good performance in Brazil's fuel market, reinforce our conviction in the investment decision. The increase in the Brazilian population income, higher credit availability, the accelerated growth of the vehicle fleet and the improvement in the legislation in the sector should be the growth drivers of this market. In addition, we will be seeking the reinsertion of Ipiranga in the remainder of the country aiming at becoming a nationwide player again.

Oxiteno will follow its strategy of achieving growth with increased operational scale and differentiated products, aiming to achieve leadership position in the Americas and the development of alternatives to increase its profitability and minimize the adverse effects of the successive oil price increases and the appreciation of the Brazilian Real, whether through the development of products with a higher added value, or through the access to renewable raw material and at a more competitive price. The new fatty alcohols plant and the expansion of the production of ethylene oxide and specialty chemicals

at Mauá are part of this strategy, and should benefit sales volumes in 2008. Oxiteno will continue with its process of internationalization, through the opening of offices in Europe and Asia, seeking investment opportunities in the sector, following the example of the acquisitions made in 2007.

In 2008, Ultragas should benefit from the expansion of its operations in the states of Pará and Maranhão, as well as from the decision to invest in the expansion of its product portfolio, with the inclusion of DME for the propellant gas market.

Ultracargo will continue to invest in the expansion of its strategically located assets, at Brazil's major logistics junctions and in search for new acquisitions, such as the case of Petrolog, acquired in 2007.

Regarding the macroeconomic scenario the upgrade of Brazil to investment grade shall result in the acceleration of foreign investments in the country, benefiting its economy as a whole and generating new growth opportunities in all our businesses lines.

