ULTRAPAR HOLDINGS INC
Form F-1/A
March 22, 2005
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As filed with the Securities and Exchange Commission on March 22, 2005

Registration No. 333-122496

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

TO

FORM F-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Ultrapar Participações S.A.

(Exact Name of Registrant as Specified in Its Charter)

Ultrapar Holdings Inc.

(Translation of Registrant s name into English)

Federative Republic of Brazil **(State or other jurisdiction of** **incorporation or organization)**	**4924** **(Primary Standard Industrial** **Classification Code Number)**	**Not Applicable** **(I.R.S. Employer** **Identification No.)**

Av. Brigadeiro Luis Antônio, 1343, 9º Andar,

São Paulo, SP, Brazil 01317-910

(Telephone: 55-11-3177-6482)

(Address and telephone number of Registrant s principal executive offices)

CT Corporation System

1633 Broadway

New York, NY 10019

(Name, address and telephone number of agent for service)

Copies to:

Andrés V. Gil	**Sara Hanks**
Davis Polk & Wardwell	**Clifford Chance US LLP**
450 Lexington Avenue	**31 West 52nd Street**
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, please check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to Completion March 22, 2005

Preferred Shares

including Preferred Shares in the form of

American Depositary Shares

Ultrapar Participações S.A.

R$ per 1,000 Preferred Shares

U.S.$ per American Depositary Share

The selling shareholders named in this prospectus are offering 7,869,671,318 preferred shares (including preferred shares in the form of American Depositary Shares, which we refer to as ADSs) to be sold in a global offering. Each ADS represents 1,000 preferred shares. Of the total being sold by the selling shareholders, the underwriters are offering preferred shares and ADSs in the United States and other jurisdictions outside Brazil, preferred shares purchased by U.S. investors will be placed outside the United States by the Brazilian underwriters, settled in Brazil and paid for in reais and their offer is being underwritten by the Brazilian underwriters identified elsewhere in this prospectus, pursuant to an underwriting agreement governed by Brazilian law. We will not receive any proceeds from this offering unless the underwriters exercise their over-allotment option, as described below. The closings of the international and Brazilian offerings will be conditioned upon each other.

Our preferred shares are traded on the São Paulo stock exchange under the symbol UGPA4 and our ADSs are traded on the New York Stock Exchange under the symbol UGP . On March 21, 2005, the last reported sale price on the São Paulo Stock Exchange of our preferred shares was R$45.20 per 1,000 preferred shares and the last reported sale price on the New York Stock Exchange of our ADSs was U.S.$16.99 per ADS.

Investing in the preferred shares or the ADSs involves risks. See Risk factors beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 1,000 preferred shares	Total
Public offering price	U.S.$	U.S.$
Underwriting discounts and commissions	U.S.$	U.S.$
Proceeds, before expenses, to the selling shareholders	U.S.$	U.S.$

The underwriters and the Brazilian underwriters may also purchase up to an additional aggregate 1,180,450,698 preferred shares (which may include preferred shares in the form of ADSs), from us at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus to cover over-allotments, if any. If the underwriters and the Brazilian underwriters exercise the option in full, the total underwriting discounts and commissions will be U.S.$, and the total proceeds, before expenses, to us will be U.S.$.

The underwriters are offering the preferred shares and ADSs and the Brazilian underwriters are offering the preferred shares to non-U.S. investors as set forth under Underwriting. Delivery of the preferred shares will be made in Brazil through the facility of the Companhia Brasileira de Liquidação e Custódia (the Brazilian Settlement and Custodial Company), which we refer to as the CBLC, on or about , 2005. Delivery of the ADSs will be made through the book-entry facilities of the Depositary Trust Company on or about , 2005. Delivery of the ADSs will be made in New York, New York on or about , 2005.

UBS Investment Bank

Pactual Capital Corporation

Credit Suisse First Boston

Itaú BBA

The date of this prospectus is , 2005.

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You should rely only on the information contained in this prospectus or to which we have referred you. We, the selling shareholders and the underwriters have not authorized anyone to provide you with information different from that contained in this prospectus. The selling shareholders and the underwriters are not making an offer to sell the preferred shares or ADSs in a jurisdiction or state where such offer is not permitted. The information in this document is only accurate at the date of this prospectus, and our business, results of operations and financial condition may change after the date of this prospectus.

We have prepared this prospectus on the basis of information that we have or have obtained from sources we believe to be reliable. The discussions of documents referred to in this prospectus summarize those documents and we refer you to those documents for more complete information. You should consult your own legal, tax and business advisors regarding an investment in our preferred shares or ADSs.

The offering of preferred shares is being made in Brazil by a Portuguese-language prospectus that has been filed with the CVM and has the same date as this prospectus but has a different format. This offering is being made in the United States and elsewhere outside Brazil solely on the basis of the information contained in this prospectus.

U.S. investors purchasing preferred shares must be authorized to invest in Brazilian Securities under the requirements established by the Brazilian National Monetary Council (Conselho Monetário Nacional, or CMN) and the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM). The Brazilian underwriters are offering preferred shares in Brazil to Brazilian investors and other non-U.S. international investors authorized to invest in Brazilian securities under the requirements established by the CMN and the CVM.

No offer or sale of ADSs may be made to the public in Brazil except in circumstances which do not constitute a public offer or distribution under Brazilian laws and regulations. Any offer or sale of ADSs in Brazil to non-Brazilian residents may be made only under circumstances that do not constitute a public offer or distribution under Brazilian laws and regulations.

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Prospectus summary

This summary highlights material information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before buying shares in this offering. You should read the entire prospectus carefully.

OUR BUSINESS

We are one of Brazil s leading corporate groups. We are engaged in the distribution of liquified petroleum gas, or LPG, production of chemicals, and the provision of integrated logistics services. Our wholly-owned subsidiary, Ultragaz, is the largest LPG distributor in Brazil with a national market share of 24%. In the chemicals business, our wholly-owned subsidiary, Oxiteno, is the sole producer of ethylene oxide and its principal derivatives in the Mercosur area (comprising Brazil, Argentina, Paraguay and Uruguay) and a major producer of specialty chemicals. Through our wholly-owned subsidiary, Ultracargo, we are a leading provider of integrated road transport, storage and handling services for chemicals and fuels.

The table below sets forth certain financial information for us and our principal businesses[1].

	Year ended December 31,				
	2004	2003	2002	2001	2000
	(in millions of *reais*)				
Net sales and services					
Ultrapar	4,784.2	4,000.3	2,994.5	2,284.7	1,878.0
Ultragaz	2,968.1	2,622.7	1,942.7	1,381.1	1,125.7
Oxiteno	1,662.7	1,237.8	956.1	832.1	686.1
Ultracargo	197.3	177.1	131.5	105.4	94.2
Adjusted EBITDA[2]					
Ultrapar	736.6	498.5	487.3	372.5	304.3
Ultragaz	268.9	208.2	219.8	163.0	140.9
Oxiteno	421.0	243.2	232.7	176.8	132.4
Ultracargo	40.5	40.0	29.2	28.1	25.9
Net Income					
Ultrapar	414.5	246.4	222.3	132.2	128.5
Net cash (debt)[3]:					
Ultrapar	46.0	(78.1)	54.5	241.3	436.3

(1) Segment information for our businesses are presented on an unconsolidated basis. See Presentation of information for more information.
(2) See footnote 3 under Summary financial information for a more complete discussion of adjusted EBITDA and its reconciliation to information in our financial statements.
(3) See footnote 4 under Summary financial information for a more complete discussion of net cash (debt) and its reconciliation to information in our financial statements.

Our origins date to 1937 when our founder, Ernesto Igel, brought LPG to be used as cooking gas in Brazil. In 1966, we formed the operating subsidiaries of Ultracargo to satisfy the demand for high quality transportation services for chemicals and LPG. We were also one of the pioneers in developing Brazil s petrochemical industry with the creation of Oxiteno in 1970.

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OUR STRENGTHS

Leading market positions across businesses

Ultragaz is the largest LPG distributor in Brazil and the sixth largest independent distributor in the world in terms of volume sold. It has a national market share of 24% and is present in every state, excluding the Amazon region, reaching more than 10.5 million homes. For the year ended December 31, 2004, Ultragaz s total volume sold reached 1.5 million tons of LPG.

Oxiteno is the sole producer of ethylene oxide and its principal derivatives in the Mercosur region and is also a major producer of specialty chemicals. Our chemical operations supply a broad range of market segments, particularly agricultural chemicals, food, cosmetics, leather, detergents, packaging for beverages, thread and polyester filaments, brake fluids, petroleum, paints and varnishes. For the year ended December 31, 2004, Oxiteno sold approximately 518 thousand tons of chemical products. In the Brazilian market for these products we compete principally with imports. Imports of ethylene glycol and methyl-ethyl-ketone, two of our most important products, represented approximately 30% and 10% respectively, of the volumes sold in Brazil during the year ended December 31, 2004.

Ultracargo is a leading provider of integrated logistics for chemicals and fuels, with 21% of Brazil s tank storage capacity for chemical products. Ultracargo accounts for approximately 71% of all tank capacity for liquids at the Aratu terminal in the State of Bahia, which serves South America s largest petrochemical complex.

Balanced business mix

Our operations encompass the distribution of LPG, the production of ethylene oxide and its derivatives and the transportation and storage of chemicals and fuels. We believe our businesses provide us with increased financial capability and flexibility across the businesses in which we operate. Our balanced business mix makes us less vulnerable to economic fluctuations and allows us to pursue growth opportunities as they arise in any of our business segments.

Highly efficient LPG distribution network

In addition to making direct sales of bottled LPG, Ultragaz is the only LPG distributor in Brazil with an exclusive network of independent dealers. This network comprises approximately 4,400 dealers who exclusively represent Ultragaz. This has enabled Ultragaz to control the quality and productivity of its dealers leading to a strong brand name recognition associated with quality, safety and efficiency, and also allows frequent contact with its customers. In addition, Ultragaz was the first to introduce LPG small bulk delivery in Brazil, with lower distribution cost than bottled distribution, and over the years has built a strong client base.

Flexibility across the petrochemical cycle

Oxiteno is the sole producer of ethylene oxide and its principal derivatives in the Mercosur region. Approximately 96% of its ethylene oxide production is used internally in the production of ethylene oxide derivatives which can be classified in two groups: specialty and commodity chemicals. Oxiteno is a major producer of specialty chemicals, which are traditionally products with better margins and less exposure to petrochemical cycles than commodity chemicals.

Cost efficient operations

Oxiteno s operations have a high degree of production efficiency derived from scale similar to that of the largest producers in the world. Ultragaz has significant market presence in densely populated areas which allows it to operate its filling plants and distribution system with a high level of capacity utilization and efficiency.

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Strong operational track record

Our business has exhibited a solid operational track record. During the last five years, we experienced consolidated annual compounded average growth rates of 25% in adjusted EBITDA and 34% in net income, in spite of the overall macroeconomic volatility in Brazil during this same period. This growth has been driven by the operational performance of all our businesses.

Experienced management team

We are led by a strong and experienced management team with a proven track record in the LPG, petrochemical and specialized logistics industries. Our senior management team possesses an average of 31 years of experience in the relevant industries, is a significant shareholder in our company, and has a performance-linked remuneration based on an economic value-added model (EVA®).

Alignment of shareholders interests

Our by-laws provide important rights that align the interests of all our shareholders, including our controlling shareholders, management shareholders and minority shareholders. If our controlling shareholders sell their controlling stake in our Company, our by-laws provide that holders of our preferred and common shares are entitled to sell their shares in a public tender offer at the same price and with the same payment terms as our controlling shareholders.

OUR STRATEGY

Build on the strength of our LPG brand

Our LPG distribution business has a high brand recognition associated with quality, safety and efficiency. We intend to reinforce this market perception by continuing to supply high quality products and services and introducing new services and distribution channels.

Maintain exclusivity in LPG distribution

We intend to preserve our strong relationship with dealers by keeping their distribution exclusivity and avoiding geographic overlap. We plan to continue to invest in training our dealers, in order to maximize efficiency, further strengthen our relationships with them and promote the high standards of our distribution network. In parallel, we plan to increase our operational efficiency and productivity at Ultragaz.

Expand capacity at Oxiteno

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

Continue to enhance product mix at Oxiteno

We plan to increase Oxiteno s capacity to produce a variety of value-added ethylene oxide derivatives in order to optimize its sales mix across petrochemical cycles. Oxiteno s investments in research and development has resulted in the introduction of 135 new applications for its products during the last three years. Oxiteno will continue to invest in research and development focused on developing new product applications to meet clients needs. In addition, we intend to focus Oxiteno s sales on the domestic market, which allows us to have higher margins.

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Maintain financial strength

We seek to maintain a sound financial position to allow us to pursue investment opportunities and enhance our shareholders return on their investment in our Company. Our net cash position for the year ended December 31, 2004 was R$ 46 million. Additionally, all foreign currency denominated debt is hedged until its maturity.

We have been consistently distributing dividends to our shareholders. During the last five years we have paid yearly dividends representing an average of approximately 49% of our net income.

Continue to grow our businesses

Our main objective is to enhance shareholder value and strengthen our market presence by growing our business. Historically, we have grown our business organically and through acquisitions. We intend to continue this strategy, both domestically and internationally.

RECENT DEVELOPMENTS

Stock dividend and share exchange by controlling shareholders

At our Board of Directors meeting held on February 2, 2005, our directors approved a stock dividend of 10,453,690,324 preferred shares of Ultrapar, or 15 shares for each 100 outstanding common or preferred shares on February 16, 2005. As a result of the stock dividend, we issued 10,453,690,324 new preferred shares to our shareholders through a capitalization of reserves.

At an extraordinary shareholders meeting held on February 22, 2005, our shareholders approved the issuance of additional preferred shares by us to permit certain shareholders, including Ultra, to exchange common shares of Ultrapar held indirectly by them into preferred shares at a ratio of one common share for one preferred share. Common shares tendered for exchange into preferred shares will be cancelled.

Bond offering in Brazil

On February 2, 2005, our shareholders approved an offering to Brazilian investors of R$ 300 million principal amount of Ultrapar bonds due 2008. The proceeds from this bond offering will be used to retire outstanding debt and/or for general corporate purposes.

Investment in fatty alcohol plant

On February 16, 2005, we announced that we will invest, through our subsidiary Oxiteno, approximately US$94 million in the next two years for the construction of a fatty alcohols production plant, with co-production of fatty acids and glycerin. This plant will be a pioneer unit in Latin America for the production of fatty alcohols. Fatty alcohol is a raw material used in the manufacture of specialty chemicals derived from ethylene oxide, widely used in the production of personal care products and also has various applications in domestic cleaning products, agrichemicals and textiles, among others. Fatty alcohol and its derivatives are currently imported and already widely used in Oxiteno s surfactant line. We are the largest consumer of fatty alcohols in Brazil and we estimate that 30% of the total volume produced by the new plant will be used by us. Total production capacity should amount to approximately 100,000 tons per year, considering the entire product line. Besides adding value to the existing surfactants product line, this new plant is expected to generate additional net sales of US$ 80 million/year when running at full capacity. We expect that the plant will be operational in the first half of 2007.

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Other projects under study

We have signed a protocol with Petróleo Brasileiro S.A., or Petrobras, to study the viability of a project to produce basic petrochemicals, including ethylene, from heavy oil. Currently, we purchase ethylene from Brazilian suppliers whose production is based on naphtha. We have not made a commitment to invest in this project should it prove to be viable and we can give no assurance that the project will prove viable or, if so, that we will participate or make an investment in such project.

We are also studying the viability of building a pipeline together with Petrobras to transport ethanol from the producing regions of Riberão Preto to Paulínia, one of Brazil s principal centers of ethanol distribution. We have not made a commitment to invest in this project should it prove to be viable and we can give no assurance that the project will prove viable or, if so, that we will participate or make an investment in such project.

PRINCIPAL EXECUTIVE OFFICES

Our principal offices are located at Av. Brigadeiro Luis Antônio, 1343, 9° Andar, São Paulo, SP, Brazil 01317-910. Our telephone number is (011-55-11) 3177-6482. We maintain a website at www.ultra.com.br. Information contained in our website does not constitute a part of this prospectus.

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The offering

Securities offered	preferred shares, including preferred shares in the form of ADSs, are being offered in a global offering. Of this total, the underwriters are offering preferred shares and ADSs in the United States and other jurisdictions outside Brazil, preferred shares purchased by U.S. investors will be placed outside the United States by the Brazilian underwriters, settled in Brazil and paid for in *reais* and their offer is being underwritten by the Brazilian underwriters pursuant to the Brazilian underwriting agreement. U.S. investors purchasing preferred shares must be authorized to invest in Brazilian Securities under the requirements established by the CMN and the CVM. The Brazilian underwriters are offering preferred shares in Brazil to Brazilian investors and to other non-U.S. international investors that are authorized to invest in Brazilian securities under the requirements established by the CMN and the CVM.
Selling shareholders	Fábio Igel, Márcia Igel Joppert, Rogerio Igel, Maria Teresa Igel, Joyce Igel de Castro Andrade, Lúcio de Castro Andrade Filho, Paulo Guilherme Aguiar Cunha, Ana Maria Levy Igel, Fabio Schvartsman, José Carlos Guimarães de Almeida, Pedro Wongtschowski, Maria da Conceição de Moraes Coutinho Beltrão, Helio Marcos Coutinho Beltrão, Cristiana Coutinho Beltrão, Maria Coutinho Beltrão and Monteiro Aranha S.A. Following this offering, the holdings beneficially owned by each of these shareholders will be as follows:

	Shares beneficially owned after this offering	
	Common	**Preferred**
Fábio Igel	5.7%	0.0%
Márcia Igel Joppert	7.1%	0.1%
Rogerio Igel	4.7%	0.0%
Maria Teresa Igel	2.0%	0.0%
Joyce Igel de Castro Andrade	6.7%	0.0%
Lúcio de Castro Andrade Filho	2.8%	0.0%
Paulo Guilherme Aguiar Cunha	9.9%	0.0%
Ana Maria Levy Villela Igel	18.3%	2.8%
Fabio Schvartsman	1.2%	0.0%
José Carlos Guimarães de Almeida	0.1%	0.0%
Pedro Wongtschowski	1.2%	0.0%
Maria da Conceição de Moraes Coutinho Beltrão	3.0%	0.0%
Helio Marcos Coutinho Beltrão	1.8%	0.0%
Cristiana Coutinho Beltrão	1.8%	0.0%
Maria Coutinho Beltrão	1.8%	0.0%
Monteiro Aranha S.A.	10.5%	3.3%

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Over-allotment option	We have granted the underwriters and the Brazilian underwriters an option to purchase up to an additional aggregate 1,180,450,698 preferred shares (or its equivalent in ADSs) from us, solely to cover over-allotments.
The ADSs	Each ADS represents 1000 preferred shares. The depositary for the ADSs is The Bank of New York. The preferred shares represented by the ADSs will be deposited with Banco Itaú S.A. Payments for the ADSs may be made only in U.S. dollars.
Use of proceeds	We will not receive any proceeds from the sale of the ADSs or preferred shares by the selling shareholders. If the underwriters exercise their over-allotment option, the proceeds from the sale of the over-allotment shares will be used by us for planned capital expenditures. See Management s discussion and analysis of financial condition and results of operations Liquidity and capital resources Investments in permanent assets and deferred charges.
Voting rights	Holders of the preferred shares and the ADSs do not have voting rights except in limited circumstances such as if the company fails to pay fixed or minimum dividends for three consecutive years or in meetings called to decide upon changes to the preferences or rights attributed to the preferred shares. See Description of capital stock Preferred share rights and Description of American Depositary Receipts Voting of deposited securities.
Dividends	Pursuant to our by-laws, we are required to distribute annually dividends equal to at least 50% of our adjusted net income, as calculated under Brazilian GAAP and adjusted as required by Brazilian corporate law (which may differ significantly from net income under US GAAP). Holders of our preferred shares are entitled to receive dividends per share in the same amount as the dividends per share paid to holders of our common shares. Holders of our preferred shares are entitled to receive dividends declared by us from the date of the acquisition of such shares. See Distribution policy and dividends.
Tag-along rights	In case our controlling shareholders sell their controlling stake in our Company, holders of our preferred shares are entitled to sell their shares pursuant to a public tender offer to be made by the purchaser of the controlling stake at the same price and with the same payment terms as our controlling shareholders.

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Lock-up	We and each of our directors, executive officers and the selling shareholders have agreed, for 180 days following the date of the final prospectus, not to offer, sell, offer to sell, contract to sell, or otherwise dispose of any of our shares of our capital stock or any securities convertible into or exchangeable for or any other rights to purchase or acquire shares of our capital stock, including preferred shares and ADSs, without the prior written consent of UBS Securities LLC.
Listing and trading markets	The preferred shares are listed on the São Paulo Stock Exchange under the symbol UGPA4. The ADSs are listed on the New York Stock Exchange under the symbol UGP.
Risk factors	See Risk factors and the other information included in this prospectus for a discussion of factors you should consider before deciding to invest in the preferred shares or the ADSs.

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Summary financial information

The following tables present summary consolidated financial data for our company under Brazilian GAAP. The consolidated balance sheet information as of December 31, 2004 and 2003 and the consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity for the years ended December 31, 2004, 2003 and 2002 are derived from our audited consolidated financial statements included in this prospectus. The consolidated balance sheet information as of December 31, 2002, 2001 and 2000 and the related consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity for the years ended December 31, 2001 and 2000 are derived from our audited consolidated financial statements that are not included in this prospectus. You should read the information below in conjunction with our consolidated financial statements included elsewhere in this prospectus, as well as Presentation of financial information and Management s discussion and analysis of financial condition and results of operations.

	Year ended December 31,					
	2004(1)	2004	2003	2002	2001	2000
	(in millions of U.S. dollars or *reais*, where indicated)					
	U.S.$	R$	R$	R$	R$	R$
Consolidated income statement data:						
Net sales and services	1,802.4	4,784.2	4,000.3	2,994.5	2,284.7	1,878.0
Cost of sales and services	(1,382.6)	(3,669.9)	(3,196.4)	(2,247.1)	(1,698.3)	(1,399.6)
Gross profit	419.8	1,114.3	803.9	747.4	586.4	478.4
Selling, general and administrative expenses	(209.4)	(555.9)	(458.9)	(382.3)	(317.7)	(266.2)
Operating income before financial items	**212.5**	**563.9**	**351.6**	**365.5**	**278.9**	**213.5**
Financial income (expenses), net	(17.0)	(45.0)	(57.2)	28.5	(31.1)	43.4
Nonoperating income (expenses), net	(6.0)	(16.0)	1.0	(44.1)	(17.0)	(16.5)
Income before income and social contribution taxes, equity in earnings (losses) of affiliated companies and minority interest	189.5	502.9	295.4	349.9	230.8	240.4
Net income	**156.2**	**414.5**	**246.4**	**222.3**	**132.2**	**128.5**
Balance sheet data:						
Total current assets	506.6	1,344.9	1,218.7	1,186.9	1,045.2	1,190.8
Property, plant and equipment, net	394.6	1,047.4	968.6	779.5	707.9	655.9
Total assets	1,004.8	2,667.2	2,408.0	2,127.9	1,952.0	2,014.5
Short-term financing	143.8	381.6	381.6	219.8	124.5	134.1
Long-term financing	97.2	258.1	306.3	363.6	290.2	291.8
Total liabilities	391.2	1,038.5	1,019.1	905.8	712.3	705.6
Shareholders equity	603.0	1,600.5	1,356.7	1,191.1	799.9	897.7
Other financial data:						
Depreciation and amortization(2)	65.1	172.7	146.9	121.8	102.4	90.8
Adjusted EBITDA(3)	**277.5**	**736.6**	**498.5**	**487.3**	**372.5**	**304.3**
Net cash (debt)(4):	17.3	46.0	(78.1)	54.5	241.3	436.3

(footnotes on following page)

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(1) The *real* amounts for December 31, 2004 have been converted into dollars using the exchange rate of U.S.$1.00 = R$ 2.654, which is the commercial rate reported by the Central Bank on this date. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this prospectus as a statement that the amounts in *reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates. See Exchange rates .

(2) Represents depreciation and amortization expenses included in cost of sales and services and in selling, general and administrative expenses.

(3) The inclusion of adjusted EBITDA information is to provide a measure of assessing our ability to generate cash from our operations. Adjusted EBITDA is equal to operating income before financial items plus depreciation and amortization. In managing our business we rely on adjusted EBITDA as a means of assessing our operating performance and a portion of our management s compensation and employee profit sharing plan is linked to adjusted EBITDA performance. Because adjusted EBITDA excludes interest, income taxes, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. Accordingly, we believe that this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. We also calculate adjusted EBITDA in connection with covenants related to some of our financings. We believe that adjusted EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. Adjusted EBITDA is not a measure of financial performance under U.S. GAAP or Brazilian GAAP. Adjusted EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance or as a substitute for cash flows from operations or as a measure of liquidity. The adjusted EBITDA presented herein relates to Brazilian GAAP, which is used in the primary financial statements included in this filing. This adjusted EBITDA calculation is expressly permitted by the Brazilian regulators that establish the accounting principles generally accepted for use in such financial statements and is included in the financial statements published in Brazil. See note 16 to our consolidated financial statements for a reconciliation of adjusted EBITDA to information in our financial statements.

The tables below provide a reconciliation of operating income before financial items to adjusted EBITDA for the years ended December 31, 2004, 2003, 2002, 2001 and 2000:

	Ultrapar				
	Reconciliation of operating income before financial items to adjusted EBITDA				
	Year ended December 31,				
	2004	**2003**	**2002**	**2001**	**2000**
	(in millions of *reais*)				
Operating income before financial items	563.9	351.6	365.5	278.9	213.5
Depreciation and amortization	172.7	146.9	121.8	102.4	90.8
Non-cash operating income included in Operating income (expenses), net				(8.8)	
Adjusted EBITDA	736.6	498.5	487.3	372.5	304.3

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	Ultragaz				
	Reconciliation of operating income before financial items to adjusted EBITDA				
	Year ended December 31,				
	2004	2003	2002	2001	2000
	(in millions of *reais*)				
Operating income before financial items	152.7	113.2	143.2	101.1	98.6
Depreciation and amortization	116.2	95.0	76.6	61.9	42.3
Adjusted EBITDA	268.9	208.2	219.8	163.0	140.9

	Oxiteno				
	Reconciliation of operating income before financial items to adjusted EBITDA				
	Year ended December 31,				
	2004	2003	2002	2001	2000
	(in millions of *reais*)				
Operating income before financial items	382.9	207.0	199.9	146.6	94.4
Depreciation and amortization	38.1	36.2	32.8	30.2	38.0
Adjusted EBITDA	421.0	243.2	232.7	176.8	132.4

	Ultracargo				
	Reconciliation of operating income before financial items to adjusted EBITDA				
	Year ended December 31,				
	2004	2003	2002	2001	2000
	(in millions of *reais*)				
Operating income before financial items	23.0	24.7	17.6	27.4	16.3
Depreciation and amortization	17.5	15.3	11.6	9.5	9.6
Non-cash operating income included in Operating income (expenses), net				(8.8)	
Adjusted EBITDA	40.5	40.0	29.2	28.1	25.9

(4) Net cash (debt) is included in this document in order to provide the reader with information relating to our overall indebtedness and financial position. Net cash (debt) is not a measure of financial performance or liquidity under U.S. GAAP or Brazilian GAAP. The table below provides a reconciliation of our consolidated balance sheet data to the net cash (debt) positions shown in the table, for the years ended December 2004, 2003, 2002, 2001 and 2000.

	Year ended December 31,				
	2004	**2003**	**2002**	**2001**	**2000**
Cash and cash equivalents	624.5	568.8	637.9	656.0	862.2
Short-term investments	22.4	41.0	0.0	0.0	0.0
Long-term investments	38.8	0.0	0.0	0.0	0.0
Short-term financing	(381.6)	(381.6)	(219.8)	(124.5)	134.1
Long-term financing	(258.1)	(306.3)	(363.6)	(290.2)	291.8
Net cash (debt) position	46.0	(78.1)	54.5	241.3	436.3

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Risk factors

You should carefully consider the risks described below, as well as the other information contained in this prospectus in evaluating an investment in our preferred shares or ADSs. Our business, results of operations or financial condition could be harmed if any of these materializes and, as a result, the trading price of the preferred shares or the ADSs could decline and you could lose a substantial part or even all of your investment.

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

RISKS RELATING TO ULTRAPAR

Government deregulation of LPG prices has caused refinery prices to fluctuate according to the international markets and may affect our revenues and operating margin.

The Brazilian government has historically regulated both the refinery price of LPG, which is the price we pay Petrobras and is thus a component of our cost of sales and services, and the retail price of LPG, which is the price we charge customers and is thus a component of our net sales and services. In the 1990 s, the Brazilian government began to deregulate both prices. From May 2001 the retail store prices in Brazil ceased to be regulated.

In January 2002, Petrobras refinery prices, which are the LPG prices charged by Petrobras to distributors, including us, were deregulated and they have thereafter been freely established by Petrobras, although subject to government intervention when deemed appropriate, which occurred between August 2002 and October 2002. In this new market environment, the refinery price tends to fluctuate according to the international markets, while the retail price depends on a number of factors, including the level of competition, brand recognition and the relative prices of the energy sources that compete with LPG.

Fluctuations in LPG refinery prices affect our costs of sales and services. Therefore, if we are not able to pass on increases in the refinery price to our distribution network and/or improve our operational efficiency, our operating margins may be adversely affected. See Management s discussion and analysis of financial condition and results of operations Results of operations for a discussion on the effect of fluctuations of LPG prices on our net sales and services.

Petrobras is the only supplier of LPG in Brazil. LPG distributors in Brazil, including Ultragaz, do not have formal contracts with Petrobras for the supply of LPG. Any interruption in the supply of LPG from Petrobras immediately affects Ultragaz s ability to provide LPG to its customers.

Prior to 1995, Petrobras benefited from a constitutional monopoly in the production and importation of petroleum products in Brazil. Although the Brazilian government removed Petrobras s monopoly from the Federal Constitution in November 1995, Petrobras effectively remains the sole provider of LPG in Brazil. Currently, Ultragaz and all other LPG distributors in Brazil purchase LPG exclusively from Petrobras. Ultragaz s net sales and services represented 62.0% of our consolidated net sales and services for the year ended December 31, 2004. The last significant interruption in the supply of LPG by Petrobras to the distributors occurred in 1995 due to a 15-day strike by Petrobras employees. See Business Distribution of liquefied petroleum gas Industry and regulatory overview.

Risk factors

Furthermore, all Brazilian LPG distributors, including Ultragaz, currently purchase all their LPG requirements from Petrobras without a formal LPG supply contract. The procedures for ordering and purchasing LPG from Petrobras are generally common to all LPG distributors including Ultragaz. For more details, see Business Ultragaz Supply of LPG.

Significant interruptions to LPG supplies from Petrobras may occur in the future. Any interruption in the supply of LPG from Petrobras immediately affects Ultragaz s ability to provide LPG to its customers. If we are not able to obtain an adequate supply of LPG from Petrobras under acceptable terms, we may seek to meet our demands through LPG purchased on the international market. The cost of LPG on the international market is currently more expensive than the LPG we obtain through Petrobras.

Intense competition in the LPG distribution market may affect our operating margins.

The Brazilian LPG market is very competitive in all segments residential, commercial and industrial. Petrobras, our supplier of LPG, and other major companies with greater resources than we possess have entered the Brazilian LPG distribution market. Intense competition in the LPG distribution market could lead to lower sales volumes and increased marketing expenses which may have a material adverse effect on our operating margins. See Business Distribution of liquefied petroleum gas Industry and regulatory overview The role of Petrobras and Business Distribution of liquefied petroleum gas Competition.

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

LPG competes with natural gas, wood, diesel, fuel oil and electricity. Natural gas is currently the principal source of energy against which we compete. Natural gas is currently less expensive than LPG for industrial consumers who purchase large volumes, but more expensive for residential consumers. In addition, supply of natural gas requires significant investments in pipelines. The development of alternatives sources of energy in the future may adversely affect the LPG market and consequently our business, financial results and results of operations. See Business Distribution of liquefied petroleum gas Competition.

The acquisition of Shell Gás is subject to Brazilian regulations and other antitrust rules. Our future business, financial condition and results of operations would be adversely affected if we do not gain approval of the acquisition.

Ultragaz is subject to regulation under Brazilian antitrust rules. For this reason, the acquisition of Shell Gás (LPG) Brasil S.A., or Shell Gás, is still subject to approval by the Brazilian antitrust authorities, although these operations have been fully integrated into our business. The process is in the first of three phases of examination by the Brazilian antitrust authorities. A ruling requiring us to dispose of some of the acquired assets or to unwind the acquisition would adversely affect our future business, financial condition and results of operations.

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

All second generation petrochemical producers in Brazil that use ethylene as their key raw material, including Oxiteno, our subsidiary involved in the production and sale of chemical and petrochemical products, purchase ethylene, from Brazilian suppliers. Approximately 32% of our net revenues are derived from the sale of chemical products that require ethylene. Oxiteno purchases ethylene from two of Brazil s three naphtha crackers, which are the sole sources of ethylene in Brazil. Braskem S.A., or

Braskem, supplies all of our ethylene requirements at our plant located at Camaçari pursuant to a long-term contract, and Petroquímica União S.A., or PQU, supplies all of our ethylene requirements at our plant located at Mauá. Oxiteno, like other purchasers from PQU, does not have a long-term contract for the purchase of ethylene from PQU. Because of its characteristics, ethylene is difficult and expensive to store and transport, and cannot be easily imported into Brazil. Therefore, Oxiteno is almost totally dependent on ethylene produced at Braskem and PQU for its supply of ethylene. For the year ended December 31, 2004, Brazilian ethylene imports totaled approximately 3,975 tons, representing less than 1% of Brazil s installed capacity.

Due to ethylene s chemical characteristics, Oxiteno does not store significant quantities of ethylene, and reductions in supply from Braskem and PQU would have an immediate impact on our production and results of operations. If we further expand our production capacity, there is no assurance that we will be able to obtain additional ethylene from Braskem and PQU.

In addition, Petrobras is the principal supplier of naphtha to crackers in Brazil, and any interruption in the supply of naphtha from Petrobras to the crackers could adversely impact their ability to supply ethylene to Oxiteno.

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

The international petrochemical market is cyclical in nature, with alternating periods of tight supply, increased prices and high margins, and over capacity, declining prices and low margins. The decrease in Brazilian tariff rates on petrochemical products, the increase in demand for such products in Brazil, and the ongoing integration of regional and world markets for commodities, among other factors, have contributed to the increasing integration of the Brazilian petrochemical industry into the international petrochemical marketplace. As a consequence, events affecting the petrochemical industry worldwide could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

Final prices paid by importers of petrochemical products include tariff rates. Consequently, tariff rates imposed by the Brazilian government affect the prices we can charge for our products. The Brazilian government s negotiation of commercial and free trade agreements, principally with NAFTA and the European Union, may result in reductions in Brazilian import duties on petrochemical products, which generally range between 12% and 14%, and may reduce the competitiveness of our products vis-à-vis imported petrochemical products.

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

We are subject to stringent environmental laws and regulations in Brazil and Mexico. Petrochemical companies like ours are required to obtain licenses for their manufacturing facilities from environmental authorities which may also regulate their operations by prescribing specific environmental standards in

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their operating licenses. Environmental regulations apply particularly to the discharge, handling and disposal of gaseous, liquid and solid products and by-products from manufacturing activities. Changes in these laws and regulations, or changes in the enforcement policy of these laws and regulations, could adversely affect us by increasing our cost of compliance or operation. In addition, it is possible that new laws or additional regulations will come into force, or that the relevant enforcement agencies will seek a more stringent interpretation of existing laws and regulations that would require us to spend additional funds on environmental matters in order to continue to keep our plants and operations in compliance with current legislation. See Business Distribution of liquefied petroleum gas Industry and regulatory overview Environmental, health and safety standards, Business Petrochemicals and chemicals Overview of the sector and applicable regulations Environmental, health and safety standards and Business Logistics of chemical products and fuels Ultracargo Transportation regulation.

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

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

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

The operation of any chemical manufacturing plant and the distribution of petrochemicals, as well as the operations of logistics of oil and chemical products and LPG distribution involve substantial risks of property contamination and personal injury and may result in material costs and liabilities. The occurrence of losses or other liabilities that are not covered by insurance or that exceed the limits of our insurance coverage could result in significant unexpected additional costs.

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

We are entitled to federal tax benefits providing for income tax exemption or reduction for our activities in the northeast region of Brazil. These benefits may be cancelled or suspended if we do not comply with our commitment not to distribute to our shareholders the amounts under the benefits or if the relevant tax authorities decide to suspend or cancel our benefits. As a result, we may become liable for the payment of related taxes at the full tax rates. If we are not able to renew the tax benefits, or if we are only able to renew them under terms that are substantially less favorable than expected, our results of operations may be adversely affected. Tax exemptions amounted to R$ 93.5 million, R$ 52.4 million and R$ 43.5 million, respectively, for the years ended December 31, 2004, 2003 and 2002. See Business Distribution of liquefied petroleum gas Ultragaz Tax exemption status, Business Petrochemicals and chemicals Oxiteno Tax exemption status and Business Logistics of chemical products and fuels Ultracargo Tax exemption status.

The federal tax authorities may decline to renew these benefits or may modify the terms upon which such renewals will be granted. The failure to renew such benefits on favorable terms could adversely affect our results of operations.

Risk factors

We are currently controlled by members of our founding family and our senior management, which substantially limits the ability of other shareholders to control the direction of our business.

Our senior management and members of our founding family indirectly control, approximately 66% of our voting share capital through their control of Ultra S.A. This level of control enables Ultra to elect the majority of our directors and to determine the outcome of substantially all actions requiring shareholder approval. See Principal and selling shareholders Principal shareholders Shareholders agreement of Ultra S.A.

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

As a holding company, we have no significant operating assets other than our ownership of shares of our subsidiaries. Substantially all of our operating income comes from our subsidiaries. Consequently, our ability to pay you dividends depends solely upon our receipt of dividends and other cash flows from our subsidiaries.

RISKS RELATING TO BRAZIL

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

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

Ø currency fluctuations;

Ø inflation;

Ø interest rates;

Ø price instability;

- Ø energy shortages;
- Ø liquidity of domestic capital and lending markets;
- Ø fiscal policy; and
- Ø other political, diplomatic, social and economic developments in or affecting Brazil.

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

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

Brazil has in the past experienced extremely high rates of inflation. Inflation and some of the Brazilian government s measures taken in an attempt to curb inflation have had significant negative effects on the Brazilian economy. Since the introduction of the *real* in 1994, Brazil s inflation rate has been substantially lower than in previous periods. However, inflationary pressures persist, and actions taken in an effort to curb inflation, coupled with speculation about possible future governmental actions, have contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market. According to the *Índice Geral de Preços-Mercado*, or IGP-M, a general price inflation index, the Brazilian general price inflation rates were 25.3%, 8.7% and 12.4% in 2002, 2003 and 2004, respectively.

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

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

As a result of inflationary pressures, the Brazilian currency has been devalued periodically during the last four decades. Throughout this period, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. Although over long periods depreciation of the Brazilian currency generally has correlated with the rate of inflation in Brazil, devaluation over shorter periods has resulted in significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies.

The *real* depreciated against the U.S. dollar by 9.3% in 2000 and by 18.7% in 2001. In 2002, the *real* depreciated 52.3% against the U.S. dollar, due in part to political uncertainty surrounding the Brazilian presidential elections and the global economic slowdown. Although the *real* appreciated 18.2% against the U.S. dollar in 2003 and a further 8.1% in 2004, no assurance can be given that the *real* will not depreciate or be devalued against the U.S. dollar again. On January 31, 2005, the U.S. dollar/*real* exchange rate was R$2.625 per U.S.$1.00. See Exchange rates.

There are no guarantees that the exchange rate between the *real* and the U.S. dollar will stabilize at current levels. Although we have managed our existing U.S. dollar debt obligations in order to protect against fluctuations in the dollar/*real* exchange rate, we could in the future experience monetary losses relating to these fluctuations. See Business Quantitative and qualitative disclosures about market risk Foreign exchange risk for information about our foreign exchange risk hedging policy.

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

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

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

United States investors may not be able to obtain jurisdiction over or enforce judgments against us.

We are a company incorporated under the laws of the Federative Republic of Brazil. All members of our Board of Directors, executive officers and experts named in this prospectus are residents of Brazil. All or a substantial part of the assets pertaining to these individuals and to Ultrapar are located outside the United States. As a result, it is possible that investors may not be able to obtain jurisdiction over these individuals or Ultrapar in the United States, or enforce judgments handed down by United States courts of law based on provisions for civil liability under federal law in relation to securities of the United States or otherwise.

RISKS RELATING TO THE PREFERRED SHARES AND THE AMERICAN DEPOSITARY SHARES

The preferred shares and the ADSs generally do not give you voting rights.

Generally under Brazilian corporate law and in the case of our by-laws, holders of preferred shares do not have the right to vote at shareholders meetings except in limited circumstances. This means, among other things, that holders of our preferred shares and our ADSs, which represent preferred shares, are not entitled to vote on important corporate transactions including mergers or consolidations with other companies. See Description of capital stock Rights of preferred shares.

The preferred shares and ADSs do not entitle you to a fixed or minimum dividend.

Under our by-laws, unless otherwise proposed by the Board of Directors and approved by the voting shareholders in the Annual General Meeting, we must pay our shareholders a mandatory distribution equal to at least 50% of our adjusted net income. The net income may be capitalized, used to set off losses and/or retained in accordance with the Brazilian corporate law and may not be available for the payment of dividends. Therefore, whether or not you receive a dividend depends on the amount of the mandatory distribution, if any, and whether the Board of Directors and the voting shareholders exercise their discretion to suspend these payments. See Distribution policy and dividends for a more detailed discussion on mandatory distributions.

You might be unable to exercise preemptive rights with respect to the preferred shares.

In the event of a rights offering or a capital increase which would maintain or increase the proportion of capital represented by preferred shares, preferred shareholders would have preemptive rights to subscribe to newly issued preferred shares. In the event of a capital increase which would reduce the proportion of capital represented by preferred shares, preferred shareholders would have preemptive rights to subscribe for preferred shares in proportion to their shareholdings and for common shares only to the extent necessary to prevent dilution of their interest in the company.

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Risk factors

Our by-laws establish that the Board of Directors may exclude preemptive rights to the current shareholders, holding either common or preferred shares, in the case of an offering of new shares to be sold on a registered stock exchange or through public subscription.

The holders of preferred shares or ADSs may be unable to exercise their preemptive rights in relation to the preferred shares represented by the ADSs, unless we file a registration statement pursuant to the United States Securities Act of 1933 or an exemption from the registration requirements applies. We are not obliged to file registration statements with respect to the preemptive rights and therefore do not assure holders that such a registration will be obtained. If the rights are not registered as required, the depositary will try to sell the preemptive rights held by holder of the ADSs and you will have the right to the net sale value, if any. However, the preemptive rights will expire without compensation to you should the depositary not succeed in selling them.

If you exchange the ADSs for preferred shares, you risk losing certain foreign currency remittance and Brazilian tax advantages.

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

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

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

- Ø changes to the regulatory, tax, economic and political environment that may affect the ability of investors to receive payments, in whole or in part, in respect of their investments; and
- Ø restrictions on foreign investment and on repatriation of capital invested.

The Brazilian securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. This may limit your ability to sell the preferred shares underlying your ADSs at the price and time at which you wish to do so.

The São Paulo Stock Exchange, known as Bovespa, the only Brazilian stock exchange, had a market capitalization of approximately U.S.$341 billion as of December 31, 2004 and an average monthly trading volume of approximately U.S.$8.7 billion for 2004. In comparison, the New York Stock Exchange had a market capitalization of U.S.$19.8 trillion as of December 31, 2004 and an average monthly trading volume of approximately U.S.$968 billion for 2004.

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Risk factors

There is also a large concentration in the Brazilian securities market. The ten largest companies in terms of market capitalization represented approximately 49% of the aggregate market capitalization of the Bovespa as of December 31, 2004. The top ten stocks in terms of trading volume accounted for approximately 48% of all shares traded on the Bovespa in 2004. Ultrapar s average daily volume on both stock exchanges in 2004, 2003 and 2002 was R$ 3.7 million, R$ 1.6 million and R$ 1.2 million, respectively.

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

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

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

According to Law No. 10,833, enacted on December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to taxation in Brazil, regardless of whether the disposition occurs outside or within Brazil. In the event that the disposition of assets is interpreted to include a disposition of our ADSs, this tax law could result in the imposition of withholding taxes on a disposition of our ADSs by a non-resident of Brazil to another non-resident of Brazil. Due to the fact that Law No. 10,833 has been enacted and no judicial guidance as to its application yet exists, we are unable to predict whether an interpretation applying such tax laws to dispositions of the ADSs between non-residents could ultimately prevail in the courts of Brazil.

Substantial sales of our shares or our ADSs after this offering could cause the price of our preferred shares or our ADSs to decrease.

After completion of the global offering, the public will continue to hold substantially all of our preferred shares and ADSs representing preferred shares and Ultra S.A. will hold approximately 66% of our voting capital. Shareholders of Ultra also have the right to withdraw and convert common shares owned through Ultra into our preferred shares as more fully described under Principal and selling shareholders Shareholders agreement of Ultra S.A. Participações Two other shareholders, who may freely sell their respective shares, hold a substantial portion of our remaining common shares. A sale of a significant number of shares could negatively affect the market value of the preferred shares and ADSs.

We, the selling shareholders, our directors and executive officers and certain of our other shareholders have agreed that, subject to certain exceptions, we and they will not issue or transfer, until 180 days after the date of the final prospectus any preferred shares or ADSs or any options or warrants to purchase our

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preferred shares or ADSs, or any securities convertible into, or exchangeable for, or that represent the right to receive, our preferred shares or ADSs. After the 180 day lock-up period, the preferred shares and ADSs subject to these agreements will be eligible for sale in the public market. The market price of our preferred shares and the ADSs could drop significantly if the holders of shares or the ADSs sell them or the market perceives that they intend to sell them.

If we were treated as a Passive Foreign Investment Company, U.S. Holders of our preferred shares or our ADSs would be subject to disadvantageous rules under the U.S. tax laws.

If we are characterized as a passive foreign investment company, or PFIC, in any year, U.S. holders of our preferred shares or our ADSs could be subject to unfavorable U.S. federal income tax treatment. Although we do not believe that we were a PFIC in 2004 and we do not expect to be a PFIC in the foreseeable future, there can be no assurance that our business and activities will not lead to PFIC status for us in the future. PFIC classification is a factual determination made annually and thus is subject to change. See Taxation U.S. federal income tax consequences for a description of the PFIC rules.

Forward looking statements

The statements contained in this prospectus in relation to our plans, forecasts, expectations regarding future events, strategies, and projections, are forward-looking statements which involve risks and uncertainties and which are therefore not guarantees of future results. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or revise any forward-looking statements after we distribute this prospectus because of new information, future events and other factors. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend and similar words are intended to identify forwa statements. We have made forward-looking statements which cover, among other things, our:

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

These forward-looking statements are subject to risks and uncertainties, which could mean that our actual results and performance could differ significantly from those anticipated and that anticipated events or circumstances might not occur. The risks and uncertainties include, but are not limited to:

- Ø general economic and business conditions, including the price of crude oil and other commodities, refining margins and prevailing foreign exchange rates;
- Ø competition;
- Ø ability to produce and deliver products on a timely basis;
- Ø ability to anticipate trends in the LPG industry, including changes in capacity and industry price movements;
- Ø changes in official regulations;
- Ø receipt of official authorizations and licenses;
- Ø political, economic and social events in Brazil;
- Ø approval of Brazilian antitrust authorities of the Shell Gás acquisition;

- Ø access to sources of financing and our level of debt;
- Ø ability to integrate acquisitions;
- Ø regulatory issues relating to acquisitions;
- Ø availability of tax benefits; and
- Ø other factors contained in this prospectus under Risk factors.

Presentation of information

The audited consolidated balance sheets as of December 31, 2004 and 2003 and the related consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity, including the notes thereto, for the years ended December 31, 2004, 2003 and 2002, included herein, are our consolidated financial statements. The audited consolidated balance sheets as of December 31, 2002,

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Presentation of Information

2001 and 2000 and the related consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity, including the notes thereto at for the years ended December 31, 2001 and 2000 are not included in this prospectus. The financial information presented in this prospectus should be read in conjunction with our consolidated financial statements.

As discussed in note 25 V p) to our consolidated financial statements, the consolidated statements of cash flows for the years ended December 31, 2004, 2003 and 2002 have been restated to reflect the disclosure of exchange rate changes on cash and cash equivalents denominated in foreign currencies, which had been previously classified as cash flow from operating activities. These changes did not impact the total amount of cash flows or of cash and cash equivalents reported in 2004, 2003 and 2002. As a consequence, net cash provided by operating activities increased to R$ 539.6 million, compared to R$ 535.6 million previously reported for 2004, increased to R$ 331.2 million, compared to R$ 311.4 million previously reported for 2003 and decreased to R$ 425.2 million, compared to R$ 468.8 million previously reported for 2002.

All references herein to the *real*, *reais*, or R$ are to the Brazilian *real*, the official currency of Brazil. All references to U.S. dollars, dollars o U.S.$ are to United States dollars.

On March 18, 2005, the exchange rate for *reais* into U.S. dollars was R$ 2.7163 to U.S.$1.00, based on the commercial selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the Central Bank. The commercial selling rate was R$ 2.654 to U.S.$1.00 at December 31, 2004 and R$ 2.889 to U.S.$1.00 at December 31, 2003. The *real*/dollar exchange rate fluctuates widely, and the current commercial selling rate may not be indicative of future exchange rates. See Exchange rates for information regarding exchange rates for the Brazilian currency since January 1, 2000.

Solely for the convenience of the reader, we have translated some amounts included in Prospectus Summary Summary financial information, Capitalization, Selected consolidated financial information and elsewhere in this prospectus from *reais* into U.S. dollars using the commercial selling rate as reported by the Central Bank at December 31, 2004 of R$ 2.654 to U.S.$1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. Such translations should not be construed as representations that the *real* amounts represent or have been or could be converted into U.S. dollars as of that or any other date.

Segment information for our businesses are presented on an unconsolidated basis. Consequently, intercompany transactions have not been eliminated in segment information and therefore this information will not sum to consolidated financial information provided. See Business Related party transactions for more information.

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

Brazilian GAAP and U.S. GAAP

Our consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil (Brazilian GAAP), which include accounting principles emanating from the Brazilian corporate law and accounting standards and supplementary procedures established by the CVM and the Brazilian Institute of Independent Auditors (Instituto dos Auditores Independentes do Brasil), or IBRACON. Such accounting practices differ in certain material respects from accounting principles generally accepted in

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Presentation of Information

the United States of America, or U.S. GAAP. See note 25 to our consolidated financial statements for a summary of the differences between Brazilian GAAP and U.S. GAAP, and a reconciliation of shareholders equity as of December 31, 2004 and 2003 and net income for the years ended December 31, 2004, 2003 and 2002 from Brazilian GAAP to U.S. GAAP.

Market share information

All market share information for the LPG business in Brazil is obtained from Sindigás, the Brazilian Association of LPG distributors. Unless otherwise specified, all macro economic data is obtained from Instituto Brasileiro de Geografia e Estatística IBGE, Fundação Getúlio Vargas FGV and the Central Bank.

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Use of proceeds

We will not receive any proceeds from the sale of the ADSs or preferred shares by the selling shareholders. If the underwriters and the Brazilian underwriters exercise their over-allotment option, we will use the proceeds from the sale of over-allotment shares (approximately U.S.$, if the over-allotment option is exercised in full) for planned capital expenditures. For a discussion of our planned capital expenditures see Management s discussion and analysis of financial condition and results of operations Liquidity and capital resources Investments in permanent assets and deferred charges.

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Market information

GENERAL

Our ADSs are listed on the New York Stock Exchange under the trading symbol UGP. Our preferred shares trade on the São Paulo Stock Exchange under the symbol UGPA4. The ADSs offered in this offering will be fungible with, and will be identified by the same CUSIP number and will be eligible for trading under the same New York Stock Exchange trading symbol as, the existing ADSs.

We have registered our ADSs with the United States Securities and Exchange Commission pursuant to the Securities Act. Each ADS is evidenced by an American Depositary Receipt, or ADR, representing 1000 preferred shares. As of February 28, 2005, we had 19 U.S. resident holders of our preferred shares (including The Bank of New York, as depositary) representing approximately 22% of our total outstanding preferred shares.

MARKET PRICE OF PREFERRED SHARES AND ADSs

The table below sets forth, for the indicated periods, the high and low closing prices of the ADSs on The New York Stock Exchange, in U.S. dollars, and the preferred shares on the São Paulo Stock Exchange, in *reais*:

	New York Stock Exchange			São Paulo Stock Exchange		
Year ended	**HIGH**	**LOW**	**VOLUME(1)**	**HIGH**	**LOW**	**VOLUME(1)**
	U.S.$ per ADS			**R$ per 1,000 preferred shares**		
December 31, 2000	13.56	8.00	27,542	25.00	15.00	22,522
December 31, 2001	10.75	4.95	21,107	21.65	14.00	24,653
December 31, 2002	9.55	5.00	17,582	26.40	18.10	40,360
December 31, 2003	12.97	6.41	16,739	37.70	21.95	39,398
December 31, 2004	20.00	8.70	21,409	53.50	27.10	71,265
Year ended December 31, 2003						
First quarter	7.45	6.41	10,068	24.90	21.95	19,389
Second quarter	9.22	6.94	16,515	26.80	22.50	45,073
Third quarter	10.60	8.69	11,703	30.99	25.35	26,077
Fourth quarter	12.97	10.25	28,139	37.70	30.00	67,143
Year ended December 31, 2004						
First quarter	13.45	11.25	18,344	38.01	33.03	48,036
Second quarter	11.95	8.70	14,759	34.65	27.10	54,070
Third quarter	15.96	10.05	19,823	46.01	30.10	96,567
Fourth quarter	20.00	14.47	32,511	53.50	42.24	86,386

Month ended						
August 31, 2004	13.90	11.16	19,064	41.50	34.20	93,955
September 30, 2004	15.96	13.86	29,833	46.01	40.00	108,067
October 31, 2004	16.68	14.47	15,810	47.00	42.24	61,586
November 30, 2004	18.70	15.50	33,743	50.39	45.50	85,681
December 31, 2004	20.00	18.07	47,277	53.50	50.00	110,732
January 31, 2005	20.26	17.57	15,047	53.49	48.80	63,524
February 28, 2005(2)	19.12	16.00	61,803	49.50	43.00	108,581

(1) Average daily trading volume
(2) Prices after giving effect to the stock dividend of 15 shares for each 100 shares approved at our Board of Directors meeting held on February 2, 2005

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Market information

SHARE REPURCHASE PROGRAM

In October 2001, the Board of Directors approved a share repurchase program under which we can acquire our own preferred shares at market price and hold them in treasury for subsequent sale or cancellation. During 2002 and 2003, we acquired a total of 20.2 million and 87.9 million preferred shares, respectively. From January 1, 2004 to September 23, 2004, we acquired a total of 219.6 million preferred shares. The last share repurchase program expired on September 23, 2004 and was not renewed by us. Of the 327.7 million shares repurchased since approval of the program in 2001, we have granted 145 million preferred shares as deferred stock compensation to our executive officers under our Deferred Stock Plan. See Management Compensation.

The table below shows all repurchases by us of our preferred shares during 2004:

Period	Total number of shares purchased	Average price paid per 1,000 shares in *reais*	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1, 2004 January 31, 2004	0		0	1,722,752,268
February 1, 2004 February 29, 2004	0		0	1,722,752,268
March 1, 2004 March 31, 2004	17,300,000	34.41	17,300,000	1,705,452,268
April 1, 2004 April 30, 2004	17,300,000	33.65	17,300,000	1,688,152,268
May 1, 2004 May 31, 2004	149,200,000	29.04	149,200,000	1,538,952,268
June 1, 2004 June 30, 2004	22,100,000	30.62	22,100,000	1,516,852,268
July 1, 2004 July 31, 2004	13,700,000	30.95	13,700,000	1,503,152,268
August 1, 2004 August 31, 2004	0		0	1,503,152,268
September 1, 2004 September 30, 2004	0		0	1,503,152,268
October 1, 2004 October 31, 2004	0		0	0
November 1, 2004 November 30, 2004	0		0	0
December 1, 2004 December 31, 2004	0		0	0
Total shares repurchased during 2004	219,600,000		219,600,000	

(1) Our latest share repurchase program approving the repurchase of 1,733,452,508 shares was announced on September 25, 2003 and expired on September 23, 2004.

TRADING ON THE SÃO PAULO STOCK EXCHANGE

Settlement of transactions conducted on the São Paulo Stock Exchange is effected three business days after the trade date. Delivery of, and payment for, shares are made through the facilities of separate clearing houses for each exchange, which maintain accounts for member brokerage firms. The seller is ordinarily required to deliver the shares to the clearing house on the second business day following the trade date. The clearing house for the São Paulo Stock Exchange is *Companhia Brasileira de Liquidação e Custódia*, or CBLC, which is wholly owned by that exchange.

In order to better control volatility, the São Paulo Stock Exchange has adopted a circuit breaker system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the indices of these stock exchanges fall below the limits of 10% and 15%, respectively, in relation to the closing index registered in the previous trading session.

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Market information

The São Paulo Stock Exchange is less liquid than the New York Stock Exchange or other major exchanges in the world. At December 31, 2004, the aggregate market capitalization of the 373 companies listed on the São Paulo Stock Exchange was equivalent to approximately U.S.$340.92 billion, and the ten largest companies listed on the São Paulo Stock Exchange represented approximately 49% of the total market capitalization of all listed companies. Although any of the outstanding shares of a listed company may trade on a Brazilian stock exchange, in most cases fewer than half of the listed shares are actually available for trading by the public, the remainder being held by small groups of controlling persons, by governmental entities or by one principal shareholder. See Risk factors Risks relating to the preferred shares and the American depositary shares The relative volatility and illiquidity of the Brazilian securities markets may adversely affect you.

Trading on the São Paulo Stock Exchange by non-residents of Brazil is subject to certain limitations under Brazilian foreign investment and tax legislation. See Description of capital stock Regulation of foreign investment and exchange controls.

REGULATION OF BRAZILIAN SECURITIES MARKETS

The Brazilian securities markets are regulated by the CVM, which has authority over stock exchanges and the securities markets generally, by the *Conselho Monetário Nacional*, the National Monetary Council, and by the Central Bank, which has, among others, licensing authority over brokerage firms and regulates foreign investment and foreign exchange transactions.

Under the Brazilian corporate law, a corporation is either publicly (*companhia aberta*), such as we are, or closely held (*companhia fechada*). All publicly held companies, including us, are registered with the CVM and are subject to reporting requirements, in order to be allowed to have their securities offered to the public and to be listed in a Brazilian stock exchange. Our preferred shares are traded on the São Paulo Stock Exchange but may be traded privately subject to certain limitations. The Brazilian over the counter market consists of direct trades in which a financial institution registered with the CVM serves as intermediary.

We may ask that trading of our securities on the São Paulo Stock Exchange be suspended in anticipation of a material announcement. Trading may also be suspended at the initiative of the São Paulo Stock Exchange or the CVM, among other reasons, based on or due to a belief that we have provided inadequate information regarding a material event or has provided inadequate responses to the inquiries by the CVM or the São Paulo Stock Exchange.

Brazilian securities law, Brazilian corporate law and the regulations issued by the CVM, the National Monetary Council and the Central Bank provide, among other things, disclosure requirements and restrictions on insider trading, price manipulation and protection of minority shareholders. However, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or markets in some other jurisdictions.

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Exchange rates

Before March 24, 2005, there were two principal foreign exchange markets in Brazil, in which notes were freely negotiated but could be strongly influenced by Central Bank intervention:

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

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

On March 4, 2005, the National Monetary Council enacted Resolution No. 3265, pursuant to which the commercial rate exchange market and the floating rate exchange market were unified in a sole exchange market, effective as of March 14, 2005. The new regulation allows, subject to certain procedures and specific regulatory provisions, the purchase and sale of foreign currency and the international transfer of reais by a person or legal entity, without limitation of the amount involved, provided, however, the legality of the transaction. Foreign currencies may only be purchased through financial institutions domiciled in Brazil authorized to operate in the exchange market.

Following the introduction of the *real* in 1994 and through 1998, the Central Bank maintained a band system exchange rate, under which the exchange rate between the *real* and the U.S. dollar would fluctuate within a pre-established moving band. In January 1999, due to market pressures, the Central Bank abolished the band system and allowed the *real*/U.S. dollar exchange rate to float freely. Since then, the exchange rate has been established by the market and has fluctuated considerably, reporting a maximum quotation of R$ 3.955 per U.S.$ 1.00 on October 22, 2002. Since the liberalization of the exchange rate, the Central Bank has intervened occasionally to control unstable movements in the foreign exchange rate. It is not possible to predict whether the Central Bank will continue to let the *real* float freely or whether the *real* will remain at its present level. Accordingly, it is not possible to predict what impact the Brazilian government s exchange rate policies may have on us. The Brazilian government could impose a band system in the future or the *real* could devalue or appreciate substantially. See Risk factors Risks relating to Brazil.

On March 18, 2005, the exchange rate for *reais* into U.S. dollars was R$ 2.7163 to U.S.$1.00, based on the commercial selling rate as reported by the Central Bank. The following table sets forth information on prevailing commercial foreign exchange selling rates for the periods indicated, as published by the Central Bank on its electronic information system, SISBACEN, using PTAX 800, Option 5.

	Exchange rates of nominal *reais* per U.S.$ 1.00			
Year ended	**High**	**Low**	**Average(1)**	**Year end**
December 31, 2000	1.985	1.723	1.835	1.955
December 31, 2001	2.801	1.936	2.353	2.320
December 31, 2002	3.955	2.271	2.998	3.533
December 31, 2003	3.662	2.822	3.060	2.889
December 31, 2004	3.205	2.654	2.917	2.654

(table continued on following page)

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Exchange rates

	Exchange rates of nominal *reais* per U.S.$ 1.00			
Month ended	**High**	**Low**	**Average(2)**	**Month end**
September 30, 2004	2.936	2.859	2.897	2.859
October 31, 2004	2.885	2.824	2.855	2.857
November 30, 2004	2.859	2.731	2.795	2.731
December 31, 2004	2.787	2.654	2.721	2.654
January 31, 2005	2.722	2.625	2.693	2.625
February 28, 2005	2.632	2.562	2.597	2.595

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

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Capitalization

The following table sets forth our total debt and capitalization at December 31, 2004, and as adjusted to reflect (i) the sale by us of R$ 300 million principal amount of bonds due 2008 solely to Brazilian investors on , 2005, and the repayment of short-term debt with the proceeds from the sale of these bonds, (ii) the issuance of 10,453,690,324 preferred shares as a stock dividend approved at a meeting of our Board of Directors held on February 2, 2005, and (iii) the sale by us of 1,180,450,698 preferred shares, assuming that the underwriters fully exercise their over-allotment option. This table should be read in conjunction with the consolidated financial statements appearing elsewhere in this prospectus.

	As of December 31, 2004		
	(in millions of U.S. dollars)(1)	(in millions of *reais*)	(as adjusted, in millions of *reais*)
Cash and cash equivalents	235.3	624.5	624.5
Short-term investments	8.4	22.4	22.4
Long-term investments	14.6	38.8	38.8
Related companies	1.2	3.1	3.1
Total cash and financial investments	**259.5**	**688.8**	**688.8**
Short-term financing	143.8	381.6	81.6
Long-term debt			
Financing	97.2	258.1	258.1
Related companies	3.3	8.8	8.8
Bonds			300.0
Total debt	**244.3**	**648.5**	**648.5**
Minority interest	**10.6**	**28.2**	**28.2**
Shareholders equity			
Capital stock	250.2	664.0	898.8
Reserves and retained earnings	352.8	936.5	701.7
Capital overallotment			
Total shareholders equity	**603.0**	**1,600.5**	
Total capitalization(2)	**857.9**	**2,277.2**	

(1) The *real* amounts for December 31, 2004 have been converted into dollars using the exchange rate of U.S.$1.00 = R$ 2.654, which is the commercial rate reported by the Central Bank on this date. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this prospectus as a statement that the amounts in *reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates. See Exchange rates .

(2) Total capitalization is the sum of total debt, minority interest and total shareholders equity.

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Selected consolidated financial information

The following table presents our selected financial information at the dates and for each of the periods indicated in Brazilian GAAP. The consolidated balance sheet information as of December 31, 2004 and 2003 and the consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity for the years ended December 31, 2004, 2003 and 2002 are derived from our audited consolidated financial statements included in this prospectus. The consolidated balance sheet information as of December 31, 2002, 2001 and 2000 and the related consolidated statements of income, cash flows, changes in financial position and changes in shareholders equity for the years ended December 31, 2001 and 2000 are derived from our audited consolidated financial statements that are not included in this prospectus.

You should read the information below in conjunction with our audited consolidated financial statements included elsewhere in this prospectus, as well as Presentation of financial information and Management s discussion and analysis of financial condition and results of operations.

	Year ended December 31,					
	2004(1)	2004	2003	2002	2001	2000
	(in millions of U.S. dollars or *reais*, where indicated, except per share data)					
	U.S.$	R$	R$	R$	R$	R$
Consolidated income statement data:						
Gross sales and services	1,978.1	5,250.6	4,603.8	3,795.3	2,862.5	2,301.2
Taxes on sales and services, rebates, discounts and returns	(175.7)					