

ULTRAPAR HOLDINGS INC
Form 6-K
February 24, 2011

Form 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report Of Foreign Private Issuer
Pursuant To Rule 13a-16 Or 15d-16 Of
The Securities Exchange Act Of 1934

For the month of February, 2011

Commission File Number: 001-14950

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

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

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

Form Form
20-F 40-F

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

Yes No

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

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

ULTRAPAR HOLDINGS INC.

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ITEM

1. Earnings Release 4Q10
 2. Minutes of the meeting of the Board of Directors of Ultrapar Participações S.A. held February 23, 2011
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São Paulo, February 23rd, 2011 – Ultrapar Participações S.A. (BM&FBOVESPA: UGPA4 / NYSE: UGP), a company engaged in fuel distribution (Ultragas/Ipiranga), chemicals (Oxitenó) and storage for liquid bulk (Ultracargo), hereby reports its results for the fourth quarter of 2010 and for the year 2010.

Results conference call

Brazilian conference call

February 25th, 2011

9:00 a.m. (US EST)

São Paulo – SP

Telephone for connection: +55 11

2188 0155

Code: Ultrapar

We reported in this 4Q10 our eighteenth consecutive quarter of growth in Ultrapar's EBITDA, which reached R\$ 465 million, up 14% over 4Q09. In this quarter, net earnings grew by 81% over the same period of 2009. We ended 2010 achieving record levels of earnings, with strong 24% growth in EBITDA and 74% growth in net earnings over the previous year.

Ø ULTRAPAR'S NET SALES EXCEEDS R\$ 42 BILLION IN 2010, UP 18% OVER 2009

International conference call

February 25th, 2011

10:30 a.m. (US EST)

Participants in the USA: +1 800 418

6854

Participants in Brazil: 0800 891 9722

Participants International: +1 973 200

3114

Code: Ultrapar or 36935516

Ø ULTRAPAR'S EBITDA REACHES R\$ 1,776 MILLION IN 2010, UP 24% OVER 2009

Ø ULTRAPAR'S NET EARNINGS REACHES R\$ 765 MILLION IN 2010, UP 74% OVER 2009

Ø ADDITIONAL DIVIDEND DISTRIBUTION OF R\$ 252 MILLION APPROVED, RESULTING IN TOTAL DIVIDENDS OF R\$ 429 MILLION IN 2010, 54% GROWTH OVER 2009, CORRESPONDING TO A 56% PAYOUT FOR THE YEAR

IR Contact

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Ultrapar Participações S.A.

UGPA4 = R\$ 105.10/share (30/12/10)

UGP = US\$ 64.62/ADR (31/12/10)

“The larger scale of operations, derived from investments made in the last years, combined with our financial prudence and results- and value creation oriented culture, allowed us to reach record earnings levels in 2010, boosted by the strong growth of the Brazilian economy. With the results obtained in 2010, we accumulated in the last 10 years an average annual growth of 19% and 20% in our EBITDA and net earnings, respectively. We entered into a new decade prepared to continue creating value in an increasing and consistent way, through the investments made in the last years, the leading position of our businesses, our financial soundness and constant pursue for good investment opportunities.”

Pedro Wongtschowski – CEO

Considerations on the financial and operational information

Standards and criteria adopted in preparing the information

From the year ending December 31st, 2010 onwards, CVM made mandatory the adoption of the International Financial Reporting Standards (“IFRS”) in the presentation of financial statements of the Brazilian publicly-held companies. Accordingly, Ultrapar's consolidated financial statements for the year ended December 31st, 2010 and its quarters were prepared in compliance with the IFRS, which differs in certain aspects from the previous Brazilian accounting standards.

For an understanding of the effects of the adoption of the IFRS, we released financial spreadsheets on CVM’s website (www.cvm.gov.br), as well as on Ultrapar’s website (www.ultra.com.br), demonstrating the impacts of the accounting changes introduced by the IFRS on the main line items of the quarterly financial statements for 2009 and 2010 and years ended December 31st, 2009 and 2010 in comparison with the amounts that would have been obtained without such changes. Additional information on the changes resulting from the adoption of the IFRS is available in note 2 of the financial statements of the year ended December 31st, 2010.

The financial information of Ultragas, Ipiranga, Oxiteno, and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of R\$ and, therefore, are subject to rounding off. Consequently, the total amounts presented in the tables may differ from the direct sum of the amounts that precede them.

Effect of the acquisition - Texaco

In August 2008, Ultrapar announced the signing of the sale and purchase agreement for the acquisition of Texaco’s fuel distribution business in Brazil. The results of Texaco were consolidated in Ultrapar’s financial statements from April 1st, 2009, after the financial settlement of the transaction, which occurred on March 31st, 2009. Ultrapar's financial statements in periods prior to 2Q09 do not include Texaco’s results.

In order to provide a better understanding of the progression of Ipiranga’s recurring results, the table below summarizes Ipiranga’s results for all periods from 2Q09 to 4Q10 ex-non-recurring expenses related to the conversion of Texaco service stations into the Ipiranga brand and to the integration of the acquired operations. The analysis and discussion of the progression in Ipiranga’s results presented in this document exclude non-recurring items, in order to provide comparability of the information and better understanding of the company’s performance.

CONSOLIDATED INCOME STATEMENT

In millions of Reais - IFRS

IPIRANGA EX-NON-RECURRING EXPENSES

QUARTER ENDED IN

DECEMBER	SEPTEMBER		MARCH	DECEMBER	SEPTEMBER	
2010	2010	JUNE 2010	2010 ¹	2009	2009	JUNE 2009

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Net sales	9,754.6	9,320.5	8,843.0	8,584.3	8,983.8	8,175.6	8,212.9
Cost of sales and services	(9,194.8)	(8,842.2)	(8,363.2)	(8,120.7)	(8,485.1)	(7,743.0)	(7,780.3)
Gross profit	559.8	478.2	479.9	463.6	498.7	432.6	432.6
Operating expenses	(317.5)	(293.6)	(281.0)	(274.6)	(292.0)	(273.6)	(281.9)
Selling	(196.0)	(193.3)	(187.0)	(184.8)	(181.6)	(168.5)	(170.7)
General and administrative	(121.5)	(100.3)	(94.0)	(89.8)	(110.3)	(105.1)	(111.2)
Other operating results	10.0	6.8	5.4	6.6	8.6	3.3	2.4
Operational income ²	252.4	191.4	204.3	195.6	215.3	162.3	153.1
EBITDA	322.8	258.7	270.8	260.4	291.7	235.9	217.1
Depreciation and amortization	70.5	67.2	66.5	64.8	76.4	73.6	63.9
EBITDA margin (R\$/m ³)	61	49	54	57	58	49	47

¹ The information for 1Q10 also exclude the effects of adhering to the Federal and Mato Grosso State's tax amnesty programs, with an impact of R\$ 22 million on Ipiranga's EBITDA. Additional information is available in note 22.a. to the financial statements for the quarter ended March 31st, 2010, available on Ultrapar's website (www.ultra.com.br).

² Before income from sale of assets.

Effect of the divestment – Ultracargo’s road transportation, in-house logistics, and solid bulk storage

On July 1st, 2010, Ultrapar sold Ultracargo’s in-house logistics, solid bulk storage, and road transportation businesses, with the transfer of shares of AGT – Armazéns Gerais e Transporte Ltda. and Petrolog Serviços e Armazéns Gerais Ltda. to Aqces Logística Internacional Ltda. and the receipt of R\$ 74 million, in addition to the R\$ 8 million deposit received upon announcement of the transaction on March 31st, 2010. In October 2010, Ultrapar disbursed R\$ 2 million in connection with the expected working capital adjustment. The financial statements of Ultrapar and Ultracargo from 3Q10 onwards no longer include the businesses sold.

Effect of the acquisition – DNP

On October 26th, 2010, Ultrapar announced the signing of the sale and purchase agreement for the acquisition of 100% of the shares of Distribuidora Nacional de Petróleo Ltda. (“DNP”). The total value of the acquisition is R\$ 85 million, with the initial disbursement of R\$ 47 million settled in November 2010. Ultrapar’s and Ipiranga’s financial statements started to consolidate the results of the acquired business from the closing of the acquisition, occurred on November 1st, 2010.

Summary of the 4th quarter of 2010

Ultrapar – Consolidated data	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
Net sales and services	11,255	10,417	10,911	8%	3%	42,482	36,097	18%
Gross profit	850	746	805	14%	6%	3,159	2,653	19%
Operating profit	400	269	343	49%	17%	1,324	920	44%
EBITDA	465	408	465	14%	0%	1,776	1,430	24%
Net earnings ¹	247	136	204	81%	21%	765	441	74%
Earnings per share ²	0.46	0.25	0.38	81%	22%	1.43	0.82	75%

Amounts in R\$ million
(except for EPS)

¹Under IFRS, net earnings include net earnings attributable to non-controlling shareholders.

²Calculated based on the number of shares over the period, excluding shares held in treasury. Retroactively adjusted to reflect the 1:4 stock split approved in the Special Shareholders’ Meeting held on February 10th, 2011.

Ultragas – Operational data	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
Total volume (000 tons)	403	400	427	1%	(6%)	1,608	1,589	1%
Bottled	280	278	295	1%	(5%)	1,115	1,114	0%
Bulk	123	121	132	2%	(7%)	493	475	4%

Ipiranga – Operational data	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
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Total volume (000 m ³)	5,324	5,022	5,245	6%	2%	20,150	17,214	17%
Diesel	2,846	2,691	2,924	6%	(3%)	11,032	9,277	19%
Gasoline, ethanol and NGV	2,362	2,209	2,200	7%	7%	8,653	7,485	16%
Other ³	116	122	121	(6%)	(4%)	465	453	3%

³Fuel oils, kerosene, lubricants and greases.

Oxiteno – Operational data	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
Total volume (000 tons)	170	182	175	(6%)	(3%)	684	634	8%
Product mix								
Specialty chemicals	158	172	164	(8%)	(4%)	634	582	9%
Glycols	12	9	11	32%	13%	50	53	(4%)
Geographical mix								
Sales in Brazil	117	123	123	(5%)	(5%)	483	430	12%
Sales outside Brazil	53	59	52	(9%)	3%	201	205	(2%)

Ultracargo – Operational data	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
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Effective storage ³ (000 m3)	528	427	587	24%	(10%)	552	461	20%
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³ Média mensal

Macroeconomic indicators	4Q10	4Q09	3Q10	D (%) 4Q10v4Q09	D (%) 4Q10v3Q10	2010	2009	D (%) 2010v2009
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Average exchange rate (R\$/US\$)	1.70	1.74	1.75	(2%)	(3%)	1.76	2.00	(12%)
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Brazilian interbank interest rate (CDI)	2.6%	2.1%	2.6%			9.8%	9.9%	
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Inflation in the period (IPCA)	2.2%	1.1%	0.5%			5.9%	4.3%	
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Highlights

- Ø Dividend distribution of R\$ 252 million approved – On this date, the Board of Directors of Ultrapar approved a dividend payment of R\$ 252 million, equivalent to R\$ 0.47 per share, to be paid from March 17th, 2011 onwards. This amount, 42% higher than the anticipated dividends paid in August 2010, reflects the strong progression in Ultrapar’s results and cash generation and corresponds to a 56% payout over 2H10 net earnings, representing an annualized dividend yield of 4% on Ultrapar's average share price in 2H10. This distribution, added to the anticipated dividends distributed in August 2010, totals R\$ 429 million in the year and corresponds to a 56% payout 2010, representing a dividend yield of 4% on Ultrapar's average share price in 2010.
- Ø Investment plan approved for 2011 – Ultrapar’s Board of Directors approved the investment plan for 2011 of R\$ 1,044 million. The plan includes R\$ 548 million of investments at Ipiranga, R\$ 153 million at Oxiteno, R\$ 171 million at Ultragaz and R\$ 146 million at Ultracargo. These investments aim at growth through increased scale, technological differentiation and productivity gains, as well as modernizing existing operations. This amount does not include acquisitions. The increase in investments over 2010 reflects opportunities arising from the continued dynamism of the Brazilian economy and the implementation of the strategic initiatives specific to each business unit.
- Ø Ultrapar’s stock split approved – On February 10th, 2011, the Shareholders’ Meeting approved a stock split of the shares issued by Ultrapar, so that each share will be represented by 4 shares of the same class and type, with no modification in the financial amount and in the interest held by the shareholder in the Company. The shares resulting from the stock split will grant its holders - including holders of American Depositary Receipts (“ADRs”), traded at the New York Stock Exchange - the same rights inherent to the shares previously held, including dividends, interest on capital and any payments on capital eventually approved by the company. After the stock split, the 1:1 ratio between preferred shares and ADRs will be maintained, and each ADR will consequently continue to be represented by one preferred share. The stock split aims at repositioning the price of the standard trading round lot of shares issued by Ultrapar, in order to make the shares more accessible to investors and potentially enable an increase in the trading volume of the company’s shares.
- Ø Ultrapar returns to the portfolio of BM&FBOVESPA’s Corporate Sustainability Index (ISE) – In November 2010, BM&FBOVESPA announced the new composition of ISE’s portfolio, to which Ultrapar was selected once more. The ISE is comprised of companies with recognized commitment to social and environmental responsibility, corporate governance and corporate sustainability. The ISE evaluates those aspects, in an integrated manner, both in quantitative and qualitative terms.

Executive summary of the results

The year 2010 was marked by the strong growth of the Brazilian economy, with highlights to the low unemployment rates, expansion in income and total wages and higher credit availability, which reached in December a record level of 47% of the GDP. The gross domestic product grew by 8% as of September year-to-date, according to the latest published data, driven by the good performance of the retail, automotive and civil construction sectors. In 2010, the automotive industry reached a new sales record, with an 11% increase in the number of light vehicles licensed. In the financial market, the effects of the strong economic growth in Brazil, together with the public offering of Petrobras in the third quarter, resulted in a record of foreign investments inflow of US\$ 48 billion to Brazil during 2010, contributing to a 12% appreciation of the Real against the US dollar, which ended the year at R\$ 1.67/US\$. In the international environment, the slower recovery of the economy of certain countries, particularly developed countries,

led to a relative stability in oil prices during the first nine months of 2010. From the 4Q10 onwards, the higher demand as a result of more severe winter in the northern hemisphere and the progression in the global economic growth resulted in soaring oil prices, which accumulated an 18% growth during the period and ended the year quoted at US\$ 92/barrel, up 23% from 2009.

In 4Q10, Ultragas's sales volume grew by 1% compared with 4Q09, mainly as a result of the growth in the bulk segment, on the back of the higher level of economic activity. Ultragas's EBITDA reached R\$ 57 million in the quarter, down 8% from 4Q09, mainly as a result of R\$ 12 million in non-recurring expenses related to studies and projects for expansion. Excluding

such expenses, Ultragas's EBITDA grew by 12%, mainly as a result of a recovery in margins, to which the operational efficiency programs contributed, and the performance in the bulk segment. In 2010, Ultragas's EBITDA reached R\$ 307 million, up 9% over the previous year.

At Ipiranga, the expansion of the Brazilian economy combined with the growth in the light vehicle fleet resulted in a 6% growth in the fuel sales volume in 4Q10 over 4Q09, contributing to an 11% growth in Ipiranga's EBITDA, which reached

R\$ 323 million in 4Q10. In 2010, Ipiranga's EBITDA reached R\$ 1,113 million, up 24% over 2009.

Oxiteno's EBITDA was R\$ 54 million in 4Q10, up 44% over 4Q09, as a result of the margin recovery during 2010, which offset the 6% decrease in sales volume as a result of the maintenance stoppage of the Camaçari plant and of spot sales done in 4Q09. In 2010, Oxiteno's EBITDA reached R\$ 241 million, a strong 41% growth over 2009.

Ultracargo recorded a 24% increase in average storage compared with 4Q09, mainly due to the consolidation of the terminal acquired in Suape in December 2009 and the higher utilization level in the Santos and Aratu terminals. Ultracargo's EBITDA totaled R\$ 25 million in 4Q10, up 13% from 4Q09, as a result of the growth in average storage in liquid bulk terminals, partially offset by the sale of in-house logistics, solid bulk storage and road transportation businesses on July 1st, 2010. In 2010, Ultracargo's EBITDA reached R\$ 111 million, up 7% over 2009.

Ultrapar's consolidated EBITDA totaled R\$ 465 million in 4Q10, up 14% over 4Q09, due to the EBITDA growth in Ipiranga, Oxiteno and Ultracargo. Net earnings for 4Q10 reached R\$ 247 million, up 81% over 4Q09. In 2010, Ultrapar's EBITDA reached R\$ 1,776 million, up 24% over 2009, and net earnings reached R\$ 765 million, a growth of 74% over 2009.

Operational performance

Ultragas – In 4Q10, Ultragas's sales volume reached 403 thousand tons, up 1% over 4Q09. In the bottled segment, Ultragas's sales volume increased by 1% over 4Q09. In the bulk segment, sales volume grew by 2%, due to the increased economic activity. Compared with 3Q10, sales volume decreased by 6% as a result of seasonality between periods. In 2010, Ultragas's sales volume totaled 1,608 thousand tons, up 1% over 2009.

Ultragas – Sales volume (000 tons)

Ipiranga – Ipiranga's sales volume totaled 5,324 thousand cubic meters in 4Q10, up 6% over 4Q09. The sales volume of fuels for light vehicles grew by 7%, mainly as a consequence of the increase in the light vehicle fleet during the last 12 months, with a highlight to the 14% growth in gasoline volumes. The diesel volume grew by 6% due to the higher level of economic activity in 4Q10. Compared with 3Q10, sales volume increased by 2%, mainly as a result of the acquisition of DNP. In 2010, Ipiranga accumulated sales volume of 20,150 thousand cubic meters, up 17% over 2009, mainly as a result of the consolidation of Texaco's volume from 2Q09 onwards, the increase in the light vehicle fleet and the economic growth.

Ipiranga – Sales volume (000 m³)

Oxitenó – Oxitenó's sales volume totaled 170 thousand tons, down 6% (12 thousand tons) from 4Q09, mainly as a result of the maintenance stoppage of the Camaçari plant, concomitant with the stoppage of Braskem, supplier of ethylene, with a 5% (6 thousand tons) decrease in the volume sold in Brazil. Sales outside Brazil decreased by 9% (5 thousand tons), mainly due to higher spot sales in 4Q09. Compared with 3Q10, sales volume decreased by 3% (5 thousand tons) as a result of the maintenance stoppage of the Camaçari plant and of seasonality between quarters. Oxitenó's sales volume in 2010 totaled 684 thousand tons, up 8% over 2009.

Oxitenó – Sales volume (000 tons)

Ultracargo – In 4Q10, Ultracargo recorded a 24% increase in average storage compared with 4Q09, mainly due to the terminal acquired in Suape in December 2009 and the higher volume of operations in Santos and Aratu terminals. Compared with 3Q10, Ultracargo's average storage was 10% lower as a result of seasonality between periods. In 2010, Ultracargo accumulated a 20% growth in the average storage of its terminals.

Ultracargo – Average storage (000 m³)

Economic-financial performance

Net sales and services – Ultrapar’s consolidated net sales and services amounted to R\$ 11,255 million in 4Q10, up 8% over 4Q09, as a consequence of the sales growth in Ultragaz, Ipiranga, and Oxiteno. Compared with 3Q10, Ultrapar’s net sales and services increased by 3%. In 2010, Ultrapar’s net sales and services amounted to R\$ 42,482 million, up 18% over 2009, mainly as a consequence of the increased volume of operations in all the businesses and the consolidation of Texaco’s net sales and services from 2Q09 onwards.

Net sales and services (R\$ million)

Ultragaz – Ultragaz’s net sales and services amounted to R\$ 922 million in 4Q10, up 4% over 4Q09, as a result of higher sales volume in the bulk segment, an increase in the cost of LPG used in the bulk segment from January 2010 onwards and commercial initiatives and operational efficiency programs implemented. Compared with 3Q10, net sales and services decreased by 5%, as a result of a seasonally lower volume. In 2010, Ultragaz’s net sales and services amounted to R\$ 3,661 million, up 6% over 2009.

Ipiranga – Ipiranga’s net sales and services amounted to R\$ 9,755 million in 4Q10, up 9% from net sales and services for 4Q09, mainly as a consequence of the increased sales volume and ethanol costs. Compared with 3Q10, Ipiranga’s net sales and services grew by 5% as a result of the same factors described above. In 2010, Ipiranga’s net sales and services amounted to R\$ 36,483 million, up 20% over 2009, mainly as a consequence of a 17% growth in the volume sold.

Ipiranga – Net sales breakdown by product

Oxitenó – Oxitenó's net sales and services totaled R\$ 524 million in 4Q10, up 4% over 4Q09, despite the 2% stronger Real and the 6% lower volume, as a consequence of the recovery in the average dollar prices. Compared with 3Q10, Oxitenó's net sales and services decreased by 3%, as a consequence of the 3% decrease in sales volume and the 3% stronger Real, partially offset by a 3% higher average dollar price. In 2010, net sales and services totaled R\$ 2,083 million, up 9% over 2009.

Ultracargo – Ultracargo's net sales and services totaled R\$ 59 million in 4Q10, down 26% from 4Q09, with the growth in average storage in liquid bulk terminals offset by the sale of in-house logistics, solid bulk storage and road transportation businesses. Compared with 3Q10, net sales and services decreased by 9%, in line with the seasonally lower average storage. In 2010, Ultracargo's net sales and services totaled R\$ 293 million, down 13% from 2009, as a result of the sale of in-house logistics, solid bulk storage and road transportation businesses.

Cost of goods sold – Ultrapar's cost of goods sold amounted to R\$ 10,405 million in 4Q10, up 8% over 4Q09, as a result of the higher cost of goods sold in Ultragaz and Ipiranga. Compared with 3Q10, Ultrapar's cost of goods sold increased by 3%. In 2010, Ultrapar's cost of goods sold amounted to R\$ 39,323 million, up 18% over 2009, mainly as a consequence of the increased volume of operations in all businesses and the consolidation of Texaco's cost of goods sold from 2Q09 onwards.

Ultragaz – Ultragaz's cost of goods sold amounted to R\$ 780 million in 4Q10, up 4% over 4Q09, as a consequence of a 6% increase in the ex-refinery cost of LPG used in the bulk segment from January 2010 onwards and of the higher sales volume. Compared with 3Q10, the cost of goods sold decreased by 4%, mainly as a result of the variation in volumes sold. In 2010, Ultragaz's cost of goods sold totaled R\$ 3,076 million, up 4% over 2009.

Ipiranga – Ipiranga's cost of goods sold amounted to R\$ 9,195 million in 4Q10, up 8% over 4Q09, mainly as a result of the growth in sales volume and the increase in ethanol costs. Compared with 3Q10, the cost of goods sold increased by 4%, as a result of the same factors described above. In 2010, Ipiranga's cost of goods sold totaled R\$ 34,521 million, up 20% over 2009, mainly due to a 17% increase in volumes sold.

Oxitenó – Oxitenó's cost of goods sold in 3Q10 amounted to R\$ 419 million, down 2% from 4Q09, as a result of the 6% decrease in sales volume and of a 2% stronger Real, partially offset by a higher unit variable cost in dollars and by non-recurring costs resulting from the maintenance stoppage of the Camaçari plant. Compared with 3Q10, the cost of goods sold remained practically stable, with a 7% increase in variable costs in dollars offset by a 3% stronger Real and by a 3% lower volume sold. In 2010, Oxitenó's cost of goods sold totaled R\$ 1,655 million, up 4% over 2009.

Ultracargo – Ultracargo's cost of services provided amounted to R\$ 26 million in 4Q10, down 48% from 4Q09, mainly due to the effect of the sale of the in-house logistics, solid bulk storage and road transportation businesses. Compared with 3Q10, Ultracargo's cost of services provided decreased by 7% as a result of lower average storage in liquid bulk terminals. In 2010, Ultracargo's cost of services provided totaled R\$ 138 million, down 31% from 2009, as a result of the sale of the in-house logistics, solid bulk storage and road transportation businesses.

Sales, general and administrative expenses – Sales, general and administrative expenses of Ultrapar reached R\$ 518 million in 4Q10, up 6% and 9% over 4Q09 and 3Q10, respectively. In 2010, Ultrapar’s sales, general and administrative expenses totaled R\$ 1,924 million, up 9% over 2009, mainly as a consequence of the consolidation of Texaco from 2Q09 onwards.

Ultragaz – Ultragaz’s sales, general and administrative expenses amounted to R\$ 98 million in 4Q10, up 4% and 3% over 4Q09 and 3Q10, respectively, mainly as a consequence of the variation in volumes sold, effects of inflation on expenses, and higher variable compensation. In 2010, Ultragaz’s sales, general and administrative expenses totaled R\$ 375 million, up 15% over 2009. During 4Q10, in addition to sales, general and administrative expenses, Ultragaz also incurred in other operating expenses in the amount of R\$ 12 million related to expansion studies and projects.

Ipiranga – Ipiranga’s sales, general and administrative expenses totaled R\$ 318 million in 4Q10, up 9% over 4Q09, due to the higher volume sold, a higher variable compensation, in line with the earnings progression, and expenses related to expansion projects. Compared with 3Q10, sales, general and administrative expenses grew by 8%, as a result of the same items described above. In 2010, Ipiranga’s sales, general and administrative totaled R\$ 1,167 million, up 14% over 2009, in spite of the 17% increase in volumes sold and the consolidation of Texaco’s sales, general and administrative expenses from 2Q09 onwards, as a result of the implementation of the operational and administrative synergy plan.

Oxitenó – Oxitenó’s sales, general and administrative expenses totaled R\$ 81 million in 4Q10, up 20% over 4Q09 and 12% over 3Q10, mainly due to higher variable compensation, the effects of inflation on expenses and a concentration of expenses with specialized consultancy services during 4Q10. In 2010, sales, general and administrative expenses totaled R\$ 291 million, up 12% over 2009.

Ultracargo – Ultracargo’s sales, general and administrative expenses totaled R\$ 16 million in 4Q10, down 25% from 4Q09, due to the effect of the sale of the in-house logistics, solid bulk storage and road transportation businesses. Compared with 3Q10, sales, general and administrative expenses decreased by 3%. In 2010, sales, general and administrative expenses totaled R\$ 76 million, down 13% from 2009.

EBITDA – Ultrapar’s EBITDA amounted to R\$ 465 million in 4Q10, up 14% over 4Q09 and in line with 3Q10. In 2010, Ultrapar’s EBITDA totaled R\$ 1,776 million, up 24% over 2009, as a result of the EBITDA growth in all businesses and the consolidation of Texaco’s EBITDA from 2Q09 onwards.

EBITDA (R\$ million)

Ultragaz – Excluding R\$ 12 million in non-recurring expenses with studies and projects, Ultragaz’s EBITDA amounted to R\$ 69 million in 4Q10, up 12% over 4Q09, due to a recovery in margins, to which the operational efficiency programs contributed, and an improvement in the bulk segment performance, partially offset by higher variable compensation, in line

with the earnings progression. Compared with 3Q10, Ultragas's EBITDA decreased by 41%, mainly as a result of non-recurring expenses with studies and projects and of seasonally lower volume. In 2010, Ultragas's EBITDA totaled R\$ 307 million, up 9% over 2009.

Ipiranga – Ipiranga's EBITDA amounted to R\$ 323 million in 4Q10, up 11% and 25% over 4Q09 and 3Q10, respectively, mainly on the back of higher sales volume, improved sales mix and margin recovery. In 2010, Ipiranga's EBITDA reached R\$ 1,113 million, up 24% over 2009.

Oxitenó – Oxitenó's EBITDA totaled R\$ 54 million in 4Q10, up 44% over 4Q09, as a result of the recovery in margins throughout 2010. Compared with 3Q10, Oxitenó's EBITDA decreased by 31%, mainly due to seasonally lower volume, the increase in variable cost per ton in dollars and higher expenses during in this quarter. In 2010, Oxitenó's EBITDA totaled R\$ 241 million, up 41% over 2009. In 2010, unit EBITDA reached US\$ 200/ton, up 49% over 2009.

Ultracargo – Ultracargo's EBITDA amounted to R\$ 25 million in 4Q10, up 13% over 4Q09, as a result of the growth in average storage in liquid bulk terminals, partially offset by the effect of the sale of the in-house logistics, solid bulk storage and road transportation businesses. Compared with 3Q10, Ultracargo's EBITDA decreased by 10%, as a result of seasonality between quarters. In 2010, Ultracargo's EBITDA reached R\$ 111 million, up 7% over 2009.

Depreciation and amortization – Total depreciation and amortization costs and expenses in 4Q10 amounted to R\$ 134 million, down R\$ 8 million from 4Q09, mainly as a result of a revision in the economic useful life of assets, in accordance with Technical Standard ICPC 10 (from the Brazilian Accounting Pronouncements Committee), in effect from January 1st, 2010 onwards. Compared with 3Q10, depreciation and amortization costs and expenses grew by 1%. In 2010, Ultrapar's depreciation and amortization costs and expenses totaled R\$ 531 million, stable in relation to 2009.

Income from sale of assets – In 4Q10, Ultrapar recorded an income from sale of assets in the total amount of R\$ 70 million, mainly from the sale of fixed assets and the receipt related to MaxFácil, on the back of the increase in Ipiranga's distribution network in the last years.

Financial result – Ultrapar reported R\$ 64 million of net financial expense in 4Q10, down R\$ 13 million compared to net financial expense in 4Q09, mainly as a result of a decrease in average net debt and lower cost of debt. Compared with 3Q10, net financial expense increased by R\$ 4 million. In 2010, Ultrapar's reported net financial expense of R\$ 264 million, a R\$ 27 million decrease from 2009. The net debt to EBITDA ratio decreased from 1.5 times at the end of 2009 to 1.2 times at the end of 2010.

Net earnings – Ultrapar's consolidated net earnings in 4Q10 amounted to R\$ 247 million, up 81% over 4Q09, mainly due to the EBITDA growth, lower net financial expense, lower depreciation and amortization costs and expenses and income from sale of assets. Compared with 3Q10, net earnings grew by 21%. In 2010, Ultrapar's reported net earnings of R\$ 765 million, up 74% over 2009.

Investments – Total investment, net of disposals and repayments, amounted to R\$ 270 million in 4Q10, allocated as follows:

- At Ultragas, R\$ 34 million were invested, mainly in new clients in the bulk segment and in expansion and modernization projects at Ultragas's bottling facilities.

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- At Ipiranga, R\$ 114 million were invested, mainly in the conversion of unbranded service stations, new service stations, and renewal and improvement of the distribution network. Of the total amount invested, R\$ 93 million were related to additions to property, plant and equipment and intangible assets and R\$ 21 million were related to financing to clients, net of repayments.
 - At Oxiteno, R\$ 37 million were invested, mainly concentrated on the project to expand the ethylene oxide production capacity in Camaçari.
 - Ultracargo invested R\$ 28 million, mainly in the expansion of the Suape terminal (30 thousand m3) and in the maintenance of its terminals.
-

R\$ million	4Q10	2010	Total investments, net of disposals and repayments (R\$ million)
Additions to fixed and intangible assets ¹			
Ultragaz	34	157	
Ipiranga	93	376	
Oxitenó	37	227	
Ultracargo	28	62	
Total – additions to fixed and intangible assets ¹	200	841	
Financing to clients ² – Ipiranga	21	7	
Acquisition (disposal) of equity interest	49	(33)	
Total investments, net of disposals and repayments	270	815	

¹ Includes the consolidation of Serma

² Financing to clients is included as working capital in the Cash Flow Statement

The more dynamic economic environment in 2010 was reflected in more attractive opportunities for all Ultrapar's businesses. Ultrapar's investments in 2010, net of disposals, totaled R\$ 815 million, of which R\$ 848 million were related to organic investments and R\$ 33 million were related to the sale of the road transportation, solid bulk storage and in-house logistics businesses, partially offset by the initial disbursement for the acquisition of DNP.

Regarding organic investments, Ipiranga invested R\$ 383 million in 2010, mainly in the conversion of unbranded service stations, new service stations, and renewal and improvement of the distribution network, in order to strengthen its strategic positioning and to increase its operating scale. Of the total amount invested, R\$ 376 million were related to additions to property, plant and equipment and intangible assets and R\$ 7 million were related to financing to clients, net of repayments. Oxitenó invested in 2010 R\$ 227 million, mainly in the expansion of the ethylene oxide unit in Camaçari, which will be completed in 2011, and in the conclusion of the expansion of the ethoxylation production capacity at the Camaçari plant, which started operations in late 2010, increasing Oxitenó's ethoxylates capacity by 70 thousand tons per year. At Ultragaz, R\$ 157 million were invested in 2010, mainly in new clients in the bulk segment, which is linked to the economic performance, and in the renewal of LPG bottles. Ultracargo invested R\$ 62 million in 2010, mainly to expand the Suape terminal, which will add 30 thousand cubic meters to Ultracargo's capacity and is expected to start up in 2Q11, and the modernization of its terminals.

In 2010, Ultracargo completed the sale of its road transportation, solid bulk storage and in-house logistics businesses, with a net receipt of R\$ 80 million, focusing on its liquid bulk storage business. Ipiranga completed in November 2010 the acquisition of DNP, the fourth largest fuel distributor in the North region of Brazil, thus reinforcing its strategy of expansion to the North, Northeast and Midwest regions of Brazil, where the consumption growth rate has been above the national average and the market share of Ipiranga is lower than that in the South and Southeast regions. An amount of R\$ 47 million was paid in November 2010 in connection with the acquisition of DNP. The remaining portion will be paid after the completion of the calculation of the working capital and indebtedness existing at the closing date, which is expected to occur in 1Q11.

Ultrapar's 2011 investment plan, excluding acquisitions, amounts to R\$ 1,044 million and aims at growth through increased scale, technological differentiation and productivity gains, as well as modernizing existing operations. The increase in investments over 2010 reflects the opportunities arising from the continued dynamism in the Brazilian economy and the implementation of strategic initiatives specific to each business unit.

Organic investment plan for 2011 ¹	R\$ million
Ultragaz	171
Ipiranga	548
Oxiteno	153
Ultracargo	146
Others ²	26
Total	1,044

1 Net of disposals

2 Includes mainly RPR and corporate IT services

At Ultragaz, investments will be mainly dedicated to the expansion of UltraSystem (small bulk), as a result of the higher level of economic activity and the prospects for capturing new clients, to the expansion and modernization of bottling facilities and to the replacement of LPG bottles and tanks. At Ipiranga, investments will be directed to the expansion and renewal of its service stations and franchises network and of its facilities, focusing the expansion in the Midwest, Northeast and North regions of Brazil. Out of Ipiranga's total investment budget, R\$ 520 million refer to additions to property, plant and equipment and intangible assets and R\$ 29 million refer to financing to clients, net of repayments. At Oxiteno, the significant reduction in investments reflects the conclusion of an expansion cycle, with R\$ 87 million directed to expansion projects, mainly the conclusion of the ethylene oxide plant in Camaçari, adding 90 thousand tons/year to the current capacity. Ultracargo's investments will be directed to expansions in Santos, Suape and Aratu terminals, adding 98 thousand m³ to Ultracargo's storage capacity, an addition equivalent to 15% of its current capacity, with start-ups scheduled for 2011 and 2012.

Ultrapar in the capital markets

Ultrapar's average daily trading volume in 4Q10 was R\$ 30 million, 3% lower than the average of R\$ 32 million in 4Q09, considering the combined trading on the BM&FBOVESPA and the NYSE. Ultrapar's share price closed 4Q10 quoted at R\$ 105.10/share on the BM&FBOVESPA, with an accumulated appreciation of 3% in the quarter, while the Ibovespa index remained stable during the same period. At the NYSE, Ultrapar's shares appreciated by 6% in 4Q10, while the Dow Jones index appreciated by 7% in the same period.

Ultrapar's shares presented one of the highest appreciation in 2010 among the companies that are part of the Ibovespa, accumulating a 31% appreciation on the BM&FBOVESPA in the year, while the Ibovespa index appreciated by 1% in the same period. At the NYSE, Ultrapar's shares appreciated 38% over the last 12 months, while the Dow Jones index appreciated by 11% in the same period. Ultrapar closed the year with a market value of R\$ 14 billion, up 31% over 2009.

Performance of UGPA4 vs. Ibovespa – 4Q10
(Base 100)

Performance of UGPA4 vs. Ibovespa – 2010
(Base 100)

Average daily trading volume
(R\$ million)

Market value
(R\$ billion)

Outlook

Ultrapar enters into the new decade well-positioned to capture the benefits from the economic growth and the larger scale of operations derived from the investments made, which strengthened its leading position in its markets and significantly expanded its exposure to the Brazilian domestic consumption. Ultragas, which had a significant growth in its results in 2010, will continue to reap the benefits from the good prospects for the bulk segment, in which it is a prominent leader, and from its strategy of expanding in niche markets. At Ipiranga, the perspectives of the continued growth in the light vehicle fleet derived from the increase in total wages and the credit availability, combined with the higher level of economic activity, will continue to boost sales volume growth. In addition, Ipiranga will continue to focus on the expansion plan of its service stations network in the Midwest, Northeast and North regions. Concurrently, Ipiranga will continue to benefit from its differentiation and innovation strategy, expanding and diversifying its products and services portfolio. At Oxiteno, with an important investment cycle to be concluded in 2011, the expansion of specialty chemicals production capacity focused on segments with a strong growth potential and the expansion of its ethylene oxide capacity to meet the growing demand for its products, will allow for the continuity of volume growth, with lower share of commodities in the sales mix and higher operating leverage. Ultracargo, now focused on liquid bulk storage, will benefit from the expansions underway at its terminals, with significant growth in its storage capacity, from the increased specialization of services provided, and from the growing demand for logistics infrastructure in Brazil.

With higher investments expected for 2011 and potential acquisitions, Ultrapar enters into the new decade taking important steps to grow, with a constant focus on value creation and working adhered to the company's strategy, alignment of interests and financial prudence. In addition to those basic pillars, the new decade is being planned based on a strategy with increasingly strong presence of innovation and sustainability, which are key elements in the pioneering initiatives that Ultrapar adopts in its business segments.

Forthcoming events

Conference call/Webcast: February 25th, 2011

Ultrapar will be holding a conference call for analysts on February 25 th, 2011 to comment on the company's performance in the fourth quarter of 2010 and outlook. The presentation will be available for download on the company's website 30 minutes prior to the conference call.

Brazilian: 9:00 a.m. (US EST)

Telephone for connection: +55 11 2188 0155

Code: Ultrapar

International: 10:30 p.m. (US EST)

Participants in the USA: +1 800 418 6854

Participants in Brazil: 0800 891 9722

Participants International: +1 973 200 3114

Code: Ultrapar or 36935516

WEBCAST live via Internet at www.ultra.com.br. Please connect 15 minutes in advance.

This document may contain forecasts of future events. Such predictions merely reflect the expectations of the Company's management. Words such as: "believe", "expect", "plan", "strategy", "prospects", "envisage", "estimate", "forecast", "anticipate", "may" and other words with similar meaning are intended as preliminary declarations regarding expectations and future forecasts. Such declarations are subject to risks and uncertainties, anticipated by the Company or otherwise, which could mean that the reported results turn out to be significantly different from those forecasts. Therefore, the reader should not base investment decisions solely on these estimates.

Operational and market information

Financial focus	4Q10	4Q09	3Q10	2010	2009
EBITDA margin Ultrapar	4.10%	3.90%	4.30%	4.20%	4.00%
Net margin Ultrapar	2.20%	1.30%	1.90%	1.80%	1.20%
Focus on human resources	4Q10	4Q09	3Q10	2010	2009
Number of employees – Ultrapar	8,883	9,429	8,76	8,883	9,429
Number of employees – Ultragas	4,104	4,075	4,043	4,104	4,075
Number of employees – Ipiranga	2,326	2,326	2,304	2,326	2,326
Number of employees – Oxiteno	1,565	1,481	1,561	1,565	1,481
Number of employees – Ultracargo	546	1,232	524	546	1,232
Focus on capital markets ¹	4Q10	4Q09	3Q10	2010	2009
Number of shares (000)	136,096	136,096	136,096	136,096	136,096
Market capitalization ² – R\$ million	14,184	10,898	12,706	12,200	8,875
BM&FBOVESPA ¹	4Q10	4Q09	3Q10	2010	2009
Average daily volume (shares)	198,992	294,400	256,919	282,061	321,048
Average daily volume (R\$ 000)	20,694	23,414	23,888	25,092	20,913
Average share price (R\$/share)	104.0	79.5	93.0	89.0	65.1
NYSE ¹	4Q10	4Q09	3Q10	2010	2009
Quantity of ADRs ³ (000 ADRs)	13,876	13,024	13,104	13,876	13,024
Average daily volume (ADRs)	93,152	99,553	80,484	85,551	92,412
Average daily volume (US\$ 000)	5,750	4,688	4,362	4,506	3,088
Average share price (US\$/ADR)	61.7	47.1	54.2	52.7	33.4
Total ¹	4Q10	4Q09	3Q10	2010	2009
Average daily volume (shares)	292,144	393,953	337,403	367,612	413,460
Average daily volume (R\$ 000)	30,447	31,545	31,500	32,953	26,961

All financial information is presented according to the accounting principles laid down in the Brazilian Corporate Law. All figures are expressed in Brazilian Reais, except for the amounts on page 25, which are expressed in US dollars and were obtained using the average exchange rate (commercial dollar rate) for the corresponding periods.

For additional information, please contact:

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invest@ultra.com.br

www.ultra.com.br

1 Information not adjusted to the stock split of 1:4 shares approved in the Shareholders' Meeting on February 10th, 2011.

2 Calculated based on the weighted average price in the period.

3 1 ADR = 1 preferred share

ULTRAPAR
CONSOLIDATED BALANCE SHEET
In millions of Reais - IFRS

	QUARTERS ENDED IN		
	DEC 2010	DEC 2009	SEP 2010
ASSETS			
Cash and financial investments	3,200.6	2,327.8	2,993.7
Trade accounts receivable	1,715.7	1,618.3	1,662.3
Inventories	1,133.5	942.2	1,092.4
Taxes	354.3	320.2	343.9
Other	53.3	61.3	46.3
Total Current Assets	6,457.5	5,269.7	6,138.6
Investments	15.3	14.7	14.6
Property, plant and equipment and intangibles	5,349.3	4,988.2	5,148.4
Financial investments	19.8	7.2	29.2
Trade accounts receivable	96.7	86.4	68.6
Deferred income tax	564.4	697.9	604.3
Escrow deposits	380.7	308.5	362.4
Other	106.2	109.9	128.1
Total Non-Current Assets	6,532.4	6,212.9	6,355.6
TOTAL ASSETS	12,989.8	11,482.6	12,494.1
LIABILITIES			
Loans, financing and debenturers	820.5	1,144.2	882.3
Suppliers	941.2	891.9	768.7
Payroll and related charges	228.2	176.5	200.9
Taxes	234.7	140.5	208.7
Other	293.4	213.2	84.4
Total Current Liabilities	2,517.9	2,566.2	2,145.0
Loans, financing and debenturers	4,575.5	3,322.5	4,538.8
Provision for contingencies	470.5	540.2	470.6
Post-retirement benefits	93.2	90.1	90.1
Other	157.1	118.3	144.6
Total Non-Current Liabilities	5,296.3	4,071.1	5,244.1
TOTAL LIABILITIES	7,814.3	6,637.4	7,389.1
STOCKHOLDERS' EQUITY			
Capital	3,696.8	3,696.8	3,696.8
Reserves	1,529.2	1,189.6	1,281.1
Treasury shares	(120.0)	(123.7)	(123.7)
Others	47.3	47.5	227.7
Non-controlling interest	22.3	35.1	23.2

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TOTAL STOCKHOLDERS' EQUITY	5,175.6	4,845.3	5,105.1
TOTAL LIAB. AND STOCKHOLDERS' EQUITY	12,989.8	11,482.6	12,494.1
Cash and financial investments	3,220.4	2,334.9	3,022.9
Debt	5,396.0	4,466.7	5,421.1
Net cash (debt)	(2,175.7)	(2,131.8)	(2,398.3)

ULTRAPAR
CONSOLIDATED INCOME STATEMENT
In millions of Reais (except per share data) - IFRS

	QUARTERS ENDED IN			ACCUMULATED	
	DEC 2010	DEC 2009	SEP 2010	DEC 2010	DEC 2009
Net sales and services	11,255.1	10,417.0	10,910.6	42,481.7	36,097.1
Cost of sales and services	(10,404.9)	(9,670.9)	(10,105.8)	(39,322.9)	(33,443.6)
Gross profit	850.2	746.1	804.8	3,158.8	2,653.5
Operating expenses					
Selling	(302.9)	(292.9)	(294.5)	(1,164.4)	(1,020.3)
General and administrative	(215.5)	(197.4)	(180.7)	(759.7)	(751.4)
Other operating income (expenses), net	(1.0)	10.0	2.7	10.8	19.3
Income and disposal of assets	69.7	3.1	11.1	79.0	18.9
Operating income	400.4	268.8	343.5	1,324.5	920.0
Financial results					
Financial income	81.8	38.7	84.2	267.0	176.2
Financial expenses	(146.2)	(115.7)	(144.9)	(531.1)	(467.7)
Equity in earnings (losses) of affiliates	0.2	0.1	(0.0)	0.0	0.2
Income before income and social contribution taxes	336.2	192.0	282.8	1,060.4	628.8
Provision for income and social contribution taxes					
Current	(59.2)	(50.9)	(52.4)	(191.2)	(182.2)
Deferred	(35.9)	(10.0)	(35.1)	(134.7)	(26.4)
Benefit of tax holidays	6.3	5.4	8.8	30.7	20.6
Net income	247.4	136.5	204.1	765.2	440.7
Net Income attributable to:					
Shareholders of Ultrapar	246.9	136.6	202.6	765.3	437.1

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Non-controlling shareholders of the subsidiaries	0.5	(0.1)	1.5	(0.1)	3.6
EBITDA	464.9	408.0	465.3	1,776.3	1,430.4
Depreciation and amortization	134.2	142.4	132.9	530.8	529.3
Total investments, net of disposals and repayments	270.3	220.0	129.2	815.1	1,940.6
RATIOS					
Earnings per share - R\$	0.46	0.25	0.38	1.43	0.82
Net debt / Stockholders' equity	0.42	0.44	0.47	0.42	0.44
Net debt / LTM EBITDA	1.22	1.49	1.39	1.22	1.49
Net interest expense / EBITDA	0.14	0.19	0.13	0.15	0.20
Gross margin	7.6 %	7.2 %	7.4 %	7.4 %	7.4 %
Operating margin	3.6 %	2.6 %	3.1 %	3.1 %	2.5 %
EBITDA margin	4.1 %	3.9 %	4.3 %	4.2 %	4.0 %

ULTRAPAR
CONSOLIDATED CASH FLOW STATEMENT
In millions of Reais - IFRS

	JAN - DEC	
	2010	2009
Cash Flows from operating activities	1,504.9	1,737.0
Net income	765.2	440.7
Depreciation and amortization	530.8	529.3
Working capital	(106.3)	665.2
Financial expenses (A)	411.3	105.6
Deferred income and social contribution taxes	134.7	26.4
Income from sale of assets	(79.0)	(18.9)
Other (B)	(151.8)	(11.3)
Cash Flows from investing activities	(773.0)	(1,959.3)
Additions to fixed and intangible assets, net of disposals	(840.8)	(603.8)
Acquisition and sale of equity investments	32.8	(1,355.5)
MaxFácil	35.0	-
Cash Flows from (used in) financing activities	153.6	380.0
Debt raising	2,475.2	2,889.8
Amortization of debt	(1,968.3)	(2,264.6)
Related parties	(2.6)	(2.3)
Dividends paid (C)	(339.3)	(242.9)
Other (D)	(11.4)	-
Net increase (decrease) in cash and cash equivalents	885.5	157.7
Cash from subsidiaries acquired	(0.1)	29.4
Cash and cash equivalents at the beginning of the period (E)	2,334.9	2,147.8
Cash and cash equivalents at the end of the period (E)	3,220.4	2,334.9
Supplemental disclosure of cash flow information		
Cash paid for interest (F)	233.1	243.9
Cash paid for income and social contribution taxes (G)	60.5	41.3

(A) Comprised of interest and exchange rate and inflationary variation expenses on loans and financing. Does not include revenues from interest and exchange rate and inflationary variation on cash equivalents.

(B) Comprised mainly of noncurrent assets and liabilities variations net.

(C) Includes dividends paid by Ultrapar and its subsidiaries to third parties.

- (D) Non-controlling interest portion in the capital reduction of Utingás, in which Ultragas holds a 56% stake.
 - (E) Includes long term financial investments.
 - (F) Included in cash flow from (used in) financing activities.
 - (G) Included in cash flow from (used in) operating activities.
-

ULTRAGAZ
CONSOLIDATED INVESTED CAPITAL
In millions of Reais - IFRS

	QUARTERS ENDED IN		
	DEC 2010	DEC 2010	SEP 2009
OPERATING ASSETS			
Trade accounts receivable	160.3	160.3	169.9
Trade accounts receivable - noncurrent portion	24.3	31.0	26.1
Inventories	46.7	39.9	51.6
Taxes	12.2	5.6	20.0
Escrow deposits	95.8	82.3	95.3
Other	22.7	23.2	19.2
Property, plant and equipment and intangibles	557.0	525.3	554.9
TOTAL OPERATING ASSETS	919.0	867.6	937.0
OPERATING LIABILITIES			
Suppliers	36.8	29.9	31.0
Payroll and related charges	79.7	58.5	70.8
Taxes	6.8	3.8	6.3
Provision for contingencies	42.8	50.4	56.0
Other accounts payable	6.4	21.1	6.2
TOTAL OPERATING LIABILITIES	172.5	163.7	170.3

ULTRAGAZ
CONSOLIDATED INCOME STATEMENT
In millions of Reais - IFRS

	QUARTERS ENDED IN			ACCUMULATED	
	DEC 2010	DEC 2009	SEP 2010	DEC 2010	DEC 2009
Net sales	921.8	883.9	975.4	3,661.3	3,441.0
Cost of sales and services	(779.9)	(752.8)	(808.7)	(3,075.7)	(2,946.6)
Gross profit	141.9	131.1	166.7	585.6	494.3
Operating expenses					
Selling	(67.7)	(68.0)	(61.0)	(250.1)	(225.2)
General and administrative	(30.6)	(26.2)	(34.6)	(125.2)	(99.8)
Other operating income (expenses), net	(12.3)	0.3	(4.7)	(21.6)	(1.7)
Operating income ¹	31.2	37.3	66.4	188.6	167.6
EBITDA	56.6	61.3	96.6	307.4	281.2
Depreciation and amortization	25.4	24.0	30.2	118.8	113.6
RATIOS					
Gross margin (R\$/ton)	352	328	390	364	311
Operating margin (R\$/ton)	77	93	155	117	105
EBITDA margin (R\$/ton)	140	153	226	191	177

¹Before income from sale of assets

QUARTERS ENDED IN
DEC
2010

OPERATING
ASSETS

Trade accounts receivable	1,203.6
Trade accounts receivable - noncurrent portion	72.0
Inventories	717.4
Taxes	128.7
Other	120.2
Property, plant and equipment and intangibles	2,244.6

TOTAL
OPERATING
ASSETS 4,486.5

OPERATING
LIABILITIES

Suppliers	775.0
Payroll and related charges	71.6
Post-retirement benefits	86.0

&10pt; FONT-FAMILY: times new roman">

Taxes 120.7 Claims. If a claim for indemnification or payment of expenses (including attorneys' fees) under this A

4. Nonexclusivity of Rights. The right conferred on any person by this Article V shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-laws, agreement, vote of stockholders or disinterested directors or otherwise.
5. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise

or non-profit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, non-profit entity, or other enterprise.

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6. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

Article VI

Section 203 of the General Corporation Law.

1. Election to be Governed. The Corporation expressly elects to be governed by Section 203 of the Delaware General Corporation Law.

Article VII

Miscellaneous.

1. Seal. The corporate seal shall be in the form adopted by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be affixed by any officer of the Corporation to any instrument executed by authority of the Corporation, and the seal when so affixed may be attested by the signature of any officer of the Corporation.
2. Notice. Whenever notice is required to be given by law, the Certificate of Incorporation or these By-laws, a written waiver signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting, is not lawfully called or convened.
3. Amendments. The Board of Directors shall have the power to adopt, amend or repeal the Bylaws of the Corporation by the affirmative action of a majority of its members. The By-laws may be adopted, amended or repealed by shareholders if notice of such proposed adoption, amendment or repeal be contained in the notice of such special meeting.
4. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minutes books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.
5. Checks. All checks, drafts, notes and other orders for the payment of money shall be signed by such officer or officers or agents as from time to time may be designated by the Board of Directors or by such officers of the Corporation as may be designated by the Board to make such designation.
6. Fiscal Year. The fiscal year shall begin the first day of January in each year.

APPENDIX D

Set forth below are the provisions of the Idaho Business Corporation Act relating to Appraisal Rights

30-1-1301. DEFINITIONS. In this part:

- (1) "Affiliate" means a person that directly or indirectly through one (1) or more intermediaries controls, is controlled by, or is under common control with another person or is a senior executive thereof. For purposes of section 30-1-1302(2)(d), Idaho Code, a person is deemed to be an affiliate of its senior executives.
- (2) "Beneficial shareholder" means a person who is the beneficial owner of shares held in a voting trust or by a nominee on the beneficial owner's behalf.
- (3) "Corporation" means the issuer of the shares held by a shareholder demanding appraisal and, for matters covered in sections 30-1-1322 through 30-1-1331, Idaho Code, includes the surviving entity in a merger.
 - (4) "Fair value" means the value of the corporation's shares determined:
 - (a) Immediately before the effectuation of the corporate action to which the shareholder objects;
- (b) Using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the transaction requiring appraisal; and
- (c) Without discounting for lack of marketability or minority status except, if appropriate, for amendments to the articles pursuant to section 30-1-1302(1)(e), Idaho Code.
- (5) "Interest" means interest from the effective date of the corporate action until the date of payment, at the rate of interest on judgments in this state on the effective date of the corporate action.
- (6) "Preferred shares" means a class or series of shares whose holders have preference over any other class or series with respect to distributions.
- (7) "Record shareholder" means the person in whose name shares are registered in the records of the corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the corporation.
- (8) "Senior executive" means the chief executive officer, chief operating officer, chief financial officer, and anyone in charge of a principal business unit or function.
 - (9) "Shareholder" means both a record shareholder and a beneficial shareholder.

30-1-1302. RIGHT TO APPRAISAL.

- (1) A shareholder is entitled to appraisal rights, and to obtain payment of the fair value of that shareholder's shares, in the event of, any of the following corporate actions:
 - (a) Consummation of a merger to which the corporation is a party:
 - (i) If shareholder approval is required for the merger by section 30-1-1104, Idaho Code, and the shareholder is entitled to vote on the merger, except that appraisal rights shall not be available to any shareholder of the corporation with respect to shares of any class or series that remain outstanding after consummation of the merger; or
 - (ii) If the corporation is a subsidiary and the merger is governed by section 30-1-1105, Idaho Code;
- (b) Consummation of a share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the exchange, except that appraisal rights shall not be available to any shareholder of the corporation with respect to any class or series of shares of the corporation that is not exchanged;
- (c) Consummation of a disposition of assets pursuant to section 30-1-1202, Idaho Code, if the shareholder is entitled to vote on the disposition;
- (d) An amendment of the articles of incorporation with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has the obligation or right to repurchase the fractional share so created; or
- (e) Any other amendment to the articles of incorporation, merger, share exchange or disposition of assets to the extent provided by the articles of incorporation, bylaws or a resolution of the board of directors.

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- (2) Notwithstanding subsection (1) of this section, the availability of appraisal rights under subsections (1)(a), (b), (c) and (d) shall be limited in accordance with the following provisions:
- (a) Appraisal rights shall not be available for the holders of shares of any class or series of shares which are:
- (i) Listed on the New York stock exchange or the American stock exchange or designated as a national market system security on an interdealer quotation system by the national association of securities dealers, inc.; or
 - (ii) Not so listed or designated, but have at least two thousand (2,000) shareholders and the outstanding shares of such class or series have a market value of at least twenty million dollars (\$20,000,000), exclusive of the value of such shares held by its subsidiaries, senior executives, directors and beneficial shareholders owning more than ten percent (10%) of such shares.
- (b) The applicability of subsection (2)(a) of this section shall be determined as of:
- (i) The record date fixed to determine the shareholders entitled to receive notice of, and vote at, the meeting of shareholders to act upon the corporate action requiring appraisal rights; or
 - (ii) The day before the effective date of such corporate action if there is no meeting of shareholders.
 - (c) Subsection (2)(a) of this section shall not be applicable and appraisal rights shall be available pursuant to subsection (1) of this section for the holders of any class or series of shares who are required by the terms of the corporate action requiring appraisal rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in subsection (2)(a) of this section at the time the corporate action becomes effective.
 - (d) Subsection (2)(a) of this section shall not be applicable and appraisal rights shall be available pursuant to subsection (1) of this section for the holders of any class or series of shares where:
 - (i) Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange or otherwise, pursuant to the corporate action by a person, or by an affiliate of a person, who:
 - (A) Is, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, the beneficial owner of twenty percent (20%) or more of the voting power of the corporation, excluding any shares acquired pursuant to an offer for all shares having voting power if such offer was made within one (1) year prior to the corporate action requiring appraisal rights for consideration of the same kind and of a value equal to or less than that paid in connection with the corporate action; or
 - (B) Directly or indirectly has, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporation of the corporate action requiring appraisal rights had, the power, contractually or otherwise, to cause the appointment or election of twenty-five percent (25%) or more of the directors to the board of directors of the corporation; or
 - (ii) Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange or otherwise, pursuant to such corporate action by a person, or by an affiliate of a person, who is, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, a senior executive or director of the corporation or a senior executive of any affiliate thereof, and that senior executive or director will receive, as a result of the corporate action, a financial benefit not generally available to other shareholders as such, other than:
 - (A) Employment, consulting, retirement or similar benefits established separately and not as part of or in contemplation of the corporate action; or

- (B) Employment, consulting, retirement or similar benefits established in contemplation of, or as part of, the corporate action that are not more favorable than those existing before the corporate action or, if more favorable, that have been approved on behalf of the corporation in the same manner as is provided in section 30-1-862, Idaho Code; or
- (C) In the case of a director of the corporation who will, in the corporate action, become a director of the acquiring entity in the corporate action or one (1) of its affiliates, rights and benefits as a director that are provided on the same basis as those afforded by the acquiring entity generally to other directors of such entity or such affiliate.
- (e) For the purposes of subsection (2)(d) of this section only, the term "beneficial owner" means any person who, directly or indirectly, through any contract, arrangement, or understanding, other than a revocable proxy, has or shares the power to vote, or to direct the voting of, shares, provided that a member of a national securities exchange shall not be deemed to be a beneficial owner of securities held directly or indirectly by it on behalf of another person solely because such member is the record holder of such securities if the member is precluded by the rules of such exchange from voting without instruction on contested matters or matters that may affect substantially the rights or privileges of the holders of the securities to be voted. When two (2) or more persons agree to act together for the purpose of voting their shares of the corporation, each member of the group formed thereby shall be deemed to have acquired beneficial ownership, as of the date of such agreement, of all voting shares of the corporation beneficially owned by any member of the group.
- (3) Notwithstanding any other provision of this section, the articles of incorporation as originally filed or any amendment thereto may limit or eliminate appraisal rights for any class or series of preferred shares, but any such limitation or elimination contained in an amendment to the articles of incorporation that limits or eliminates appraisal rights for any of such shares that are outstanding immediately prior to the effective date of such amendment or that the corporation is or may be required to issue or sell thereafter pursuant to any conversion, exchange or other right existing immediately before the effective date of such amendment shall not apply to any corporate action that becomes effective within one (1) year of that date if such action would otherwise afford appraisal rights.
 - (4) A shareholder entitled to appraisal rights under this part may not challenge a completed corporate action for which appraisal rights are available unless such corporate action:
 - (a) Was not effectuated in accordance with the applicable provisions of part 10, 11 or 12 of this chapter or the corporation's articles of incorporation, bylaws or board of directors' resolution authorizing the corporate action; or
 - (b) Was procured as a result of fraud or material misrepresentation

30-1-1303.ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL OWNERS.

- (1) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the record shareholder's name but owned by a beneficial shareholder only if the record shareholder objects with respect to all shares of the class or series owned by the beneficial shareholder and notifies the corporation in writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the shares held of record in the record shareholder's name under this subsection shall be determined as if the shares as to which the record shareholder objects and the record shareholder's other shares were registered in the names of different record shareholders.
- (2) A beneficial shareholder may assert appraisal rights as to shares held on behalf of the shareholder only if such shareholder:
 - (a) Submits to the corporation the record shareholder's written consent to the assertion of such rights no later than the date referred to in section 30-1-1322(2)(b)(ii), Idaho Code; and
 - (b) Does so with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder.

30-1-1320.NOTICE OF APPRAISAL RIGHTS.

- (1) If proposed corporate action described in section 30-1-1302(1), Idaho Code, is to be submitted to a vote at a shareholders' meeting, the meeting notice must state that the corporation has concluded that shareholders are, are not or may be entitled to assert appraisal rights under this part. If the corporation concludes that appraisal rights are or may be available, a copy of this part must accompany the meeting notice sent to those record shareholders entitled to exercise appraisal rights.
- (2) In a merger pursuant to section 30-1-1105, Idaho Code, the parent corporation must notify in writing all record shareholders of the subsidiary who are entitled to assert appraisal rights that the corporate action became effective. Such notice must be sent within ten (10) days after the corporate action became effective and include the materials described in section 30-1-1322, Idaho Code.

30-1-1321.NOTICE OF INTENT TO DEMAND PAYMENT.

- (1) If proposed corporate action requiring appraisal rights under section 30-1-1302, Idaho Code, is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares:
 - (a) Must deliver to the corporation before the vote is taken written notice of the shareholder's intent to demand payment if the proposed action is effectuated; and
 - (b) Must not vote, or cause or permit to be voted, any shares of such class or series in favor of the proposed action.
- (2) A shareholder who does not satisfy the requirements of subsection (1) of this section is not entitled to payment under this part.

30-1-1322.APPRAISAL NOTICE AND FORM.

- (1) If proposed corporate action requiring appraisal rights under section 30-1-1302, Idaho Code, becomes effective, the corporation must deliver a written appraisal notice and form required by subsection (2)(a) of this section to all shareholders who satisfied the requirements of section 30-1-1321, Idaho Code. In the case of a merger under section 30-1-1105, Idaho Code, the parent must deliver a written appraisal notice and form to all record shareholders who may be entitled to assert appraisal rights.
- (2) The appraisal notice must be sent no earlier than the date the corporate action became effective and no later than ten (10) days after such date and must:
 - (a) Supply a form that specifies the date of the first announcement to shareholders of the principal terms of the proposed corporate action and requires the shareholder asserting appraisal rights to certify:
 - (i) Whether or not beneficial ownership of those shares for which appraisal rights are asserted was acquired before that date; and
 - (ii) That the shareholder did not vote for the transaction;
 - (b) State:
 - (i) Where the form must be sent and where certificates for certificated shares must be deposited and the date by which those certificates must be deposited, which date may not be earlier than the date for receiving the required form under subsection (2)(b)(ii) of this section;
 - (ii) A date by which the corporation must receive the form, which date may not be fewer than forty (40) nor more than sixty (60) days after the date the appraisal notice and form in subsection (1) of this section are sent, and state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless the form is received by the corporation by such specified date;
 - (iii) The corporation's estimate of the fair value of the shares;
 - (iv) That, if requested in writing, the corporation will provide, to the shareholders so requesting, within ten (10) days after the date specified in subsection (2)(b)(ii) of this section the number of shareholders who return the forms by the specified date and the total number of shares owned by them; and
 - (v) The date by which the notice to withdraw under section 30-1-1323, Idaho Code, must be received, which date must be within twenty (20) days after the date specified in subsection (2)(b)(ii) of this section; and
 - (c) Be accompanied by a copy of this part.

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30-1-1323.PERFECTION OF RIGHTS -- RIGHT TO WITHDRAW.

- (1) A shareholder who receives notice pursuant to section 30-1-1322, Idaho Code, and who wishes to exercise appraisal rights must certify on the form sent by the corporation whether the beneficial owner of such shares acquired beneficial ownership of the shares before the date required to be set forth in the notice pursuant to section 30-1-1322(2)(a), Idaho Code. If a shareholder fails to make this certification, the corporation may elect to treat the shareholder's shares as after-acquired shares under section 30-1-1325, Idaho Code. In addition, a shareholder who wishes to exercise appraisal rights must execute and return the form and, in the case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice pursuant to section 30-1-1322(2)(b)(ii), Idaho Code. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the executed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws pursuant to subsection (2) of this section.
- (2) A shareholder who has complied with subsection (1) of this section may nevertheless decline to exercise appraisal rights and withdraw from the appraisal process by so notifying the corporation in writing by the date set forth in the appraisal notice pursuant to section 30-1-1322(2)(b)(v), Idaho Code. A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the corporation's written consent.
- (3) A shareholder who does not execute and return the form and, in the case of certificated shares, deposit that shareholder's share certificates where required, each by the date set forth in the notice described in section 30-1-1322(2), Idaho Code, shall not be entitled to payment under this part.

30-1-1324.PAYMENT.

- (1) Except as provided in section 30-1-1325, Idaho Code, within thirty (30) days after the form required by section 30-1-1322(2)(b)(ii), Idaho Code, is due, the corporation shall pay in cash to those shareholders who complied with section 30-1-1323(1), Idaho Code, the amount the corporation estimates to be the fair value of their shares, plus interest.
 - (2) The payment to each shareholder pursuant to subsection (1) of this section must be accompanied by:
 - (a) Financial statements of the corporation that issued the shares to be appraised, consisting of a balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;
 - (b) A statement of the corporation's estimate of the fair value of the shares, which estimate must equal or exceed the corporation's estimate given pursuant to section 30-1-1322(2)(b)(iii), Idaho Code; and
 - (c) A statement that shareholders described in subsection (1) of this section have the right to demand further payment under section 30-1-1326, Idaho Code, and that if any shareholder does not do so within the time period specified therein, such shareholder shall be deemed to have accepted such payment in full satisfaction of the corporation's obligations under this part.

30-1-1325.AFTER-ACQUIRED SHARES.

- (1) A corporation may elect to withhold payment required by section 30-1-1324, Idaho Code, from any shareholder who did not certify that beneficial ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired before the date set forth in the appraisal notice sent pursuant to section 30-1-1322(2)(a), Idaho Code.
- (2) If the corporation elected to withhold payment under subsection (1) of this section, it must, within thirty (30) days after the form required by section 30-1-1322(2)(b)(ii), Idaho Code, is due, notify all shareholders who are described in subsection (1) of this section:
 - (a) Of the information required by section 30-1-1324(2)(a), Idaho Code;
 - (b) Of the corporation's estimate of fair value pursuant to section 39-1-1324(2)(b) [30-1-1324(2)(b)], Idaho Code;

- (c) That they may accept the corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under section 30-1-1326, Idaho Code;
- (d) That those shareholders who wish to accept such offer must so notify the corporation of their acceptance of the corporation's offer within thirty (30) days after receiving the offer; and
- (d) That those shareholders who do not satisfy the requirements for demanding appraisal under section 30-1-1326, Idaho Code, shall be deemed to have accepted the corporation's offer.
- (3) Within ten (10) days after receiving the shareholder's acceptance pursuant to subsection (2) of this section, the corporation must pay in cash the amount it offered under subsection (2)(b) of this section to each shareholder who agreed to accept the corporation's offer in full satisfaction of the shareholder's demand.
- (4) Within forty (40) days after sending the notice described in subsection (2) of this section, the corporation must pay in cash the amount it offered to pay under subsection (2)(b) of this section to each shareholder described in subsection (2)(e) of this section.

30-1-1326.PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER.

- (1) A shareholder paid pursuant to section 30-1-1324, Idaho Code, who is dissatisfied with the amount of the payment must notify the corporation in writing of that shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest, less any payment under section 30-1-1324, Idaho Code. A shareholder offered payment under section 30-1-1325, Idaho Code, who is dissatisfied with that offer must reject the offer and demand payment of the shareholder's stated estimate of the fair value of the shares plus interest.
- (2) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value plus interest under subsection (1) of this section within thirty (30) days after receiving the corporation's payment or offer of payment under section 30-1-1324 or 30-1-1325, Idaho Code, respectively, waives the right to demand payment under this section and shall be entitled only to the payment made or offered pursuant to those respective sections.

30-1-1330.COURT ACTION.

- (1) If a shareholder makes demand for payment under section 30-1-1326, Idaho Code, which remains unsettled, the corporation shall commence a proceeding within sixty (60) days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty-day period, it shall pay in cash to each shareholder the amount demanded pursuant to section 30-1-1326, Idaho Code, plus interest.
- (2) The corporation shall commence the proceeding in the appropriate court of the county where the corporation's principal office is located, or, if none in this state, Ada county. If the corporation is a foreign corporation, it shall commence the proceeding in the county in this state where the principal office of the domestic corporation merged with the foreign corporation was located or, if the domestic corporation did not have its principal office in this state at the time of the transaction, in Ada county.
- (3) The corporation shall make all shareholders, whether or not residents of this state, whose demands remain unsettled parties to the proceeding, as in an action against their shares, and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.
- (4) The jurisdiction of the court in which the proceeding is commenced under subsection (2) of this section is plenary and exclusive. The court may appoint one (1) or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have the powers described in the order appointing them, or in any amendment to it. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There shall be no right to a jury trial.
 - (5) Each shareholder made a party to the proceeding is entitled to judgment:
 - (a) For the amount, if any, by which the court finds the fair value of the shareholder's shares, plus interest, exceeds the amount paid by the corporation to the shareholder for such shares; or
 - (b) For the fair value, plus interest, of the shareholder's shares for which the corporation elected to withhold payment under section 30-1-1325, Idaho Code.

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30-1-1331.COURT COSTS AND COUNSEL FEES.

- (1) The court in an appraisal proceeding commenced under section 30-1-1330, Idaho Code, shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the shareholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this part.
- (2) The court in an appraisal proceeding may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:
 - (a) Against the corporation and in favor of any or all shareholders demanding appraisal if the court finds the corporation did not substantially comply with the requirements of section 30-1-1320, 30-1-1322, 30-1-1324 or 30-1-1325, Idaho Code; or
 - (b) Against either the corporation or a shareholder demanding appraisal, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this part.
- (3) If the court in an appraisal proceeding finds that the services of counsel for any shareholder were of substantial benefit to other shareholders similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to such counsel reasonable fees to be paid out of the amounts awarded to shareholders who were benefited.
- (4) To the extent the corporation fails to make a required payment pursuant to section 30-1-1324, 30-1-1325 or 30-1-1326, Idaho Code, the shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from the corporation all costs and expenses of the suit, including counsel fees.

ATLAS MINING
COMPANY
110 GREENE ST – STE
1101
NEW YORK, NY 10012

VOTE BY INTERNET – www.proxyvote.com
Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE — 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY, 11717.

TO VOTE, MARK BLOCKS IN BLUE OR BLACK INK AS FOLLOWS

ATLAS MINING COMPANY

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 27, 2009: The Notice of Annual Meeting of Shareholders, Proxy Statement and the Annual Report to Shareholder are available on the following website: www.proxyvote.com.

FOLD AND DETACH HERE

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Please mark your votes as indicated in this example:

Proposal 1 - Election of Directors

The Board of Directors recommends a vote FOR five nominees for Director to serve until the 2010 Annual Meeting of Shareholders

	FOR	AGAINST	WITHHOLD
1.1 ANDRE ZEITOUN	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.2 DAVID TAFT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.3 MORRIS WEISS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.4 EVAN STONE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.5 JOHN LEVY	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Proposal 2 To approve an amendment of the Company's Articles of Incorporation to change the name of the Company to Applied Minerals, Inc.

	FOR	AGAINST	WITHHOLD
Proposal 2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends a vote FOR the Amendment.

Proposal 3 To approve an amendment of the Company's Articles of Incorporation to increase the authorized number of shares of Company Common Stock from 60,000,000 to 120,000,000

	FOR	AGAINST	WITHHOLD
Proposal 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends a vote FOR the Amendment.

Proposal 4 To approve an amendment of the Company's Articles of Incorporation to authorize preferred stock whose terms can be determined by the board of directors

	FOR	AGAINST	WITHHOLD
Proposal 4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends a vote FOR the Amendment

Proposal 5 To approve an amendment of the Company's Articles of Incorporation to provide that the number of directors is to be fixed from time to time by resolution of the Board of Directors pursuant to a resolution

	FOR	AGAINST	WITHHOLD
Proposal 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends a vote FOR the Amendment.

Proposal 6 To approve the reincorporation of the Company into the State of Delaware through a merger with a newly-formed, wholly-owned Delaware subsidiary

	FOR	AGAINST	WITHHOLD
Proposal 6	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The Board of Directors recommends a vote FOR the Reincorporation

Signature must be that of him/herself. If shares are held jointly, each shareholder named should sign. If the signer is a corporation, please sign the full corporate name by duly authorized officer. If the signer is a partnership, please sign partnership name by authorized person. Executors, administrators, trustees, guardians, attorneys-in-fact, etc., should so indicate when signing.

Signature

Signature

Date

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Mark Here for Address Change or Comments (SEE REVERSE)

FOLD AND DETACH HERE

SOLICITED BY THE BOARD OF DIRECTORS
ATLAS MINING COMPANY
ANNUAL MEETING OF SHAREHOLDERS
OCTOBER 27, 2009

The undersigned hereby appoints Andre Zeitoun and Christopher T. Carney or either of them, with power of substitution, proxies for the undersigned and authorizes them to represent and vote, as designated, all the shares of stock of the Company which the undersigned may be entitled to vote at Grand Hyatt New York, 109 East 42nd Street, New York, NY, 10017 on October 27, 2009, at 3:00 p.m., Eastern Time Zone, and at any adjournment of such meeting, for the following purposes and with discretionary authority as to any other matters that may properly come before the meeting, as recommended by the Board of Directors, all in accordance with and as described in the Notice and accompanying Proxy Statement.

If this Proxy is executed by you without indicating voting instructions then it will be deemed to grant authority to vote FOR the nominees for director, FOR each of the amendments to the Articles of Incorporation set forth in Proposals 2, 3, 4, and 5, and FOR the reincorporation.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS. A majority of said proxies, including any substitutes, or if only one of them be present then that one, may exercise all powers granted hereunder at said meeting or any adjournment thereof. This proxy revokes any proxy to vote such shares at such meeting or any adjournment thereof heretofore given by the undersigned to anyone other than those named above.

Address Change/Comments
(Mark the corresponding box on the reverse side)

(Continued and to be marked, dated and signed, on the other side)

THE FOLLOWING MATERIALS ARE FILED PURSUANT TO NOTE D.4. OF SCHEDULE 14A. THE FOLLOWING MATERIALS ARE INCORPORATED BY REFERENCE INTO THE PROXY STATEMENT, BUT ARE NOT SET FORTH IN THE PROXY STATEMENT.

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