

ULTRAPAR HOLDINGS INC
Form 6-K
February 17, 2006

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, 2006

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 20-F Form 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

4th Quarter 2005

ULTRAPAR PARTICIPAÇÕES S.A.

(BOVESPA:UGPA4/NYSE: UGP)

INFORMATION AND RESULTS FOR THE FOURTH QUARTER 2005

(São Paulo, Brazil, February 15, 2006)

The high level of oil prices, the strong appreciation in the Brazilian Real, weaker demand and falling petrochemical commodity prices from May onwards, all had a negative influence on Ultrapar's performance. We ended the year with net earnings of R\$ 299 million, 22% higher than in 2003, but 28% lower than the net earnings reported in 2004.

Ultrapar faced a challenging operating environment during 2005. This environment strengthened Ultrapar's resolve in pursuing its growth strategy through increased operational scale, outstanding technology and focus on the optimization of costs and expenses. During the year, we have financially prepared the Company for expansion, whether through organic expansion in Brazil or through acquisitions abroad. We ended the year with a cash position of R\$ 1.6 billion, of which US\$ 250 million raised in December in the international capital markets, for a ten-year term at a risk rating above that of Brazilian sovereign debt. We are duplicating our efforts towards cost reduction, aiming at the recovery of the company's profitability. At the end of the year, we approved a major capital expenditures program, budgeted at R\$ 388 million for 2006, which will significantly contribute to achieving the goals outlined above. At the same time, the strong cash flow from operations achieved during the year led to the approval of a R\$ 157 million dividend distribution for the year 2005, representing a dividend yield of 5.96% taking the closing share price as at December 29, 2005.□

Paulo G. A. Cunha □ CEO

Ultrapar Participações S.A.

UGPA4 = R\$ 32.50 / share

UGP = US\$ 13.93 / ADR

(29/12/05)

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Summary of the 4th Quarter 2005

Ultrapar, a company engaged in the distribution of LPG (Ultragas), the production of chemicals (Oxiteno) sectors, as well as logistics services for chemical products and fuels (Ultracargo), hereby reports the following results for the fourth quarter of 2005:

Profit and Loss Data	4Q05	4Q04	3Q05	Δ (%) 4Q05v4Q04	Δ (%) 4Q05v3Q05	2005	2004	Δ (%) 2005v2004
Ultrapar Consolidated								
Net Sales and Services	1,126	1,220	1,229	(8%)	(8%)	4,694	4,784	(2%)
Gross Profit	181	288	220	(37%)	(18%)	910	1,114	(18%)
Operating Profit	38	142	79	(73%)	(52%)	358	564	(37%)
EBITDA	87	186	127	(53%)	(32%)	546	737	(26%)
Net Earnings	42	110	67	(62%)	(37%)	299	414	(28%)
Earnings per Share*	0.51	1.57	0.83	(67%)	(38%)	3.73	5.95	(37%)

Amounts in R\$ million (except EPS)

* Calculated based on the weighted average of the number of shares during the period.

Operational Data Ultragas	4Q05	4Q04	3Q05	Δ (%) 4Q05v4Q04	Δ (%) 4Q05v3Q05	2005	2004	Δ (%) 2005v2004
Total Volume (□000 tons)	377	380	409	(1%)	(8%)	1,531	1,549	(1%)
Bottled	261	258	281	1%	(7%)	1,046	1,052	(1%)
Bulk	116	122	128	(5%)	(10%)	485	497	(2%)

Operational Data Oxiteno	4Q05	4Q04	3Q05	Δ (%) 4Q05v4Q04	Δ (%) 4Q05v3Q05	2005	2004	Δ (%) 2005v2004
Total Volume (□000 tons)	121	127	148	(5%)	(18%)	525	518	1%
Sales in Brazil	94	92	101	1%	(7%)	365	341	7%
Sales outside Brazil	27	35	47	(23%)	(42%)	160	177	(10%)

Operational Data Ultracargo	4Q05	4Q04	3Q05	Δ (%) 4Q05v4Q04	Δ (%) 4Q05v3Q05	2005	2004	Δ (%) 2005v2004
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Effective Storage (□000 m ³) ¹	232	208	226	12%	3%	221	204	8%
Total Kilometrage (million)	13.1	13.0	13.5	1%	(3%)	52.9	50.2	5%

1 Monthly averages

Macroeconomic Indicators	4Q05	4Q04	3Q05	Δ (%) 4Q05v4Q04	Δ (%) 4Q05v3Q05	2005	2004	Δ (%) 2005v2004
Exchange rate □ average (R\$/US\$)	2.2509	2.7867	2.3428	(19%)	(4%)	2.4352	2.9262	(17%)
Brazilian basic interest rate (CDI)	4.3%	4.0%	4.7%			19%	16.2%	
Inflation (IPCA)	1.7%	2.0%	0.8%			5.7%	7.6%	

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4^o Trimestre 05

Quarterly Highlights

- Ø **Payment of R\$ 100 million in dividends** - On February 15, 2006 Ultrapar's Board of Directors approved the payment of R\$ 100 million in dividends, equivalent to R\$ 1.232498 per share, to be paid on March 7, 2006. This distribution, added to the advance dividends paid in August 2005, amounts to R\$ 157 million, representing a dividend yield of 5.96%, taking the closing share price of R\$ 32.50 as at December 29, 2005.
- Ø **Issue of US\$ 250 million in notes in the international market** □ Ultrapar, through its subsidiary LPG International Inc., issued of US\$ 250 million in notes in the international capital markets, with the aim of lengthening the company's debt profile, financing possible acquisitions and other corporate purposes. The notes fall due in December 2015, bearing a coupon of 7.25%^{p_a} and were priced at 98.75% of the par value, resulting in a yield of 7.429%^{p_a}. Standard & Poor's assigned its BB+ credit rating on a global scale, above the credit rating of Brazilian sovereign debt, for the company and the securities issued, based principally on the combination of the favorable fundamentals of the company's business, allied to the solid financial position shown for many years. The credit rating on a global basis was only one notch below that of investment grade.
- Ø **Licensing of technology** □ Oxiteno was selected to license production technology for the manufacture of ethanalamines and ethoxylates to Project Management and Development Co. (PMD), a privately owned company in Saudi Arabia. The technologies of Oxiteno will be used in the petrochemical complex under construction by PMD in the Saudi city of Al-Jubail. This contract highlights the recognition of the high level of technology achieved by Oxiteno. The revenues from this contract could amount to more than US\$ 14 million.

Ultrapar in the Macroeconomic Scenario

The modest growth of 1.4% shown by Brazilian industry in the last quarter of the year, compared to 6.3% in the same period a year earlier, accentuated the downward trend in economic activity in 2005, leading to GDP growth expectations of around 2.5% for the year - well below the 5% achieved in 2004. The weakening in the Brazilian economy, the strong appreciation in the Brazilian Real, the soaring oil prices and the decline in international petrochemical commodity prices - were all factors which adversely impacted Ultrapar's financial performance in 2005, especially from the third quarter of the year onwards.

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Despite the weakening of the Brazilian economy, specific market initiatives taken by Oxiteno led a good commercial performance in the domestic market, both in 4Q05 and the year as a whole, showing respective increases of 1% and 7% in sales volume. EBITDA at Oxiteno amounted to R\$ 300 million in 2005, 29% lower than in 2004, basically due to the 17% appreciation in the *Real* and the effect of high international oil prices on the cost of ethylene and other raw materials.

In 4Q05 Ultragas reported a drop of 0.6% in volume sold, compared to 4Q04, slightly more than the decline of 0.4% in the Brazilian LPG market. Despite this softening in the market, the restructuring of the company's independent dealers network enabled average sales prices to return back up to the same level as those in 4Q04, after the price drop imposed by increased market competition during 2005. In 2005, Ultragas sold a total of 1,531,000 tons of LPG, down 1% compared to the previous year - in line with the drop of 1% in the market - resulting in a market share of 24% for the year. The lower volume sold, combined with the lower average sale price in the year, as well as cost pressure - principally linked to the rise in fuel prices - led to a 27% drop in EBITDA in relation to 2004.

Ultracargo reported growth in its operational volume in 4Q05, as well as for 2005 as a whole, compared to the same periods in the previous year, particularly in the storage segment - due to the startup of the Santos Intermodal Terminal in July 2005. For the year as a whole, Ultracargo reported Net Sales and Services up 19% and EBITDA up 9%.

Despite the challenging operating environment for its businesses, Ultrapar reported EBITDA of R\$ 546 million and net earnings of R\$ 299 million in 2005, down respectively 26% and 28% on 2004, but up 10% and 22% on 2003.

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Operational Performance

Ultragas □ The LPG market retracted by 0.4% in 4Q05, compared 4Q04. In the same period, Ultragas sales volume softened by 0.6%, driven by a 4.7% decline in the bulk segment. The retraction in the bulk segment was due to: (i) a reduction in the industrial activity driven by the weaker economy, and (ii) the conversion of some large industrial customers to natural gas. During 2005, Ultragas saw a decline of 1% in sales volume, in line with the performance of the market.

Sales Volume □ Ultragas (in thousand tons)

Oxiteno □ Oxiteno's sales volume in 4Q05 amounted to 121,000 tons, down 5% on the same period in 2004, due to lower exports. Sales in the domestic market increased by 1% in 4Q05, compared to 4Q04 despite a significantly weaker economy, reflecting specific market initiatives taken by Oxiteno, which enabled it to expand market share with some clients, with particular emphasis on the cosmetics and detergents, paint and varnishes and polyester segments. Export sales dropped by 23% in relation to 4Q04 - basically due to a stoppage to replace the catalysts in the Camaçari plant. In 2005 Oxiteno reported sales volume of 525,000 tons, 1% higher than the sales volume in 2004, driven by a 7% increase in sales in the domestic market.

Sales Volume □ Oxiteno (in thousand tons)

Ultracargo □ Ultracargo expanded its operating volumes in 4Q05, compared to the same period 2004, with an increase of 12% in its average liquid and gas storage levels. For the year, the increase seen in Ultracargo's operations was mainly due to the startup of the Santos Intermodal Terminal, the building up of operations at the Montes Claros and new clients won.

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Economic □ Financial Performance

Net Sales and Services - Ultrapar's net consolidated sales and services in 4Q05 amounted to R\$ 1.1 billion, down 8% on both 4Q04 and 3Q05. In 2005, Ultrapar's net sales and services were 2% lower than that obtained in 2004.

Ultragaz □ Net sales at Ultragaz in 4Q05 amounted to R\$ 724 million, unchanged in relation to the same period 2004 and practically in line with the level of volume. The completion of restructuring in the distribution network in the company's bottled segment resulted in prices returning to 4Q04 levels. In 2005, Ultragaz's net sales totaled R\$ 2.9 billion, 2% lower than in 2004, largely driven by the lower sales volume and the effect of the retraction in the Brazilian LPG market.

Oxiteno □ Oxiteno's net sales amounted to R\$ 354 million in 4Q05, down 22% compared to 4Q04, due to: (i) the 19% appreciation in the *Real* and (ii) the 5% lower sales volume in the quarter. In 2005, Oxiteno's net sales totaled R\$ 1.6 billion, 3% lower compared to that in 2004 □ principally due to the 17% appreciation in the *Real*, partly offset by an improved sales mix as a result of higher volumes sold to the domestic market.

Ultracargo □ Ultracargo reported net services of R\$ 60 million in 4Q05, 13% higher than in 4Q04, driven by the increase in the volume of its operations. For the year, Ultracargo's net services totaled R\$ 234 million, an increase of 19% in relation to 2004, due to the expansion in its operations, as well as contractual readjustments.

Cost of Sales and Services □ Ultrapar's cost of sales and services in 4Q05 amounted to R\$ 945 million, 1% higher than in 4Q04. In 2005 Ultrapar's cost of sales and services totaled R\$ 3.8 billion, an increase of 3% on 2004.

Ultragaz □ At Ultragaz the cost of sales in 4Q05 amounted to R\$ 642 million, an increase of 4% compared to the same quarter in the previous year. For the whole of 2005, the cost of sales at Ultragaz totaled R\$ 2.5 billion, unchanged in relation to 2004, despite the drop in volume. In the two periods, the increase in the cost of sales was due to increased freight costs, driven by soaring fuel prices, and the annual collective wage increase agreement. Additionally, in 4Q05 there were non-

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recurring items related to the start of a program to revise the distribution structure in Ultragaz, aiming at rationalizing costs and expenses. The company is being assisted by McKinsey consultancy in this project.

Oxiteno □ Oxiteno's cost of sales in 4Q05 amounted to R\$ 274 million, down 7% compared to 4Q04, practically in line with the reduction in sales volume. The appreciation in the Brazilian Real practically offset the 13% increase in

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the dollar cost of ethylene, pushed up by the 29% jump in the international oil price (Brent) and the rise of 18% in the international price of naphtha (NWE), comparing the two quarters. In 2005 Oxiteno's cost of sales amounted to R\$ 1.2 billion, up 8% from in 2004, basically due to the 42% increase in the average oil price (Brent) in 2005, compared to 2004. This increase in oil prices led to a 28% rise in the cost of ethylene in dollar terms, in the period, partially compensated for by the appreciation of 17% in the Brazilian Real.

Ultracargo □ The cost of services provided by Ultracargo amounted to R\$ 42 million in 4Q05 and R\$155 million in 2005, up 19% and 24%, respectively compared to 4Q04 and 2004. This was principally due to: (i) new storage operations - in particular the Santos and Montes Claros terminals □and compressed natural gas transport operations, (ii) the increase in fuel prices and (iii) to the salary increase as a result of a collective wage agreement.

Sales, General and Administrative Expenses □ In 4Q05, Ultrapar's sales, general and administrative expenses amounted to R\$ 142 million, down 4% in relation to the figure of R\$ 148 million reported in 4Q04. For 2005 as a whole, Ultrapar's sales, general and administrative expenses totaled R\$ 552 million, 1% lower than in 2004.

Ultragaz □ Sales, general and administrative expenses at Ultragaz in 4Q05 amounted to R\$ 76 million, down 2% from the R\$ 77 million reported in the same period in 2004. This drop was due to a 16% reduction in general and administrative expenses driven by lower provision for employee profit-sharing, related to the company's earnings trend. For the year, Ultragaz accumulated sales general and administrative expenses of R\$ 292 million, 2% lower than the previous year. In addition to the lower provision for employee profit sharing, the reduction also reflects the rationalization programs and optimization initiatives developed during the year.

Oxiteno □ Oxiteno's sales general and administrative expenses in 4Q05 amounted to R\$ 50 million, 14% lower than the same period a year earlier, due principally to: (i) a lowering of 21% in administrative expenses due to the reduction in the provision for employee profit-sharing and (ii) to the reduction of 7% in sales expenses, a consequence of the reduced export freight costs due to the lower export sales in the quarter. Oxiteno ended 2005 with a total of R\$ 203 million in sales, general and administrative expenses, R\$ 10 million or 5% lower, than the year 2004, due principally to the lower provision for employee profit-sharing.

Ultracargo □ Sales, general and administrative expenses at Ultracargo amounted to R\$ 18 million in 4Q05, and R\$ 62 million for the year of as a whole, up 27% and 22% compared to 4Q04 and 2004, respectively. This increase is due to higher operational volume, both in the storage and transport segments, and the implementation of the annual collective wage agreement.

EBITDA □ Ultrapar's EBITDA in 4Q05 amounted to R\$ 87 million, down 53% compared to 4Q04. For the year as a whole, EBITDA for Ultrapar totaled R\$ 546 million, 26% lower than the EBITDA reported in 2004. The main factors which affected the company's performance were: (i) a weaker domestic economy, (ii) the 17% appreciation in the *Real* against the US dollar and (iii) the cost pressures driven by the 42% increase in the average international oil price.

Ultragaz □ Ultragaz reported EBITDA of R\$ 34 million in 4Q05, and R\$ 195 million for 2005 as a whole, down 46% and 27%, respectively, compared to the same periods a year earlier. The reduction of 1% in the LPG market and the impact of oil price increases on the company's distribution costs, were the two main factors which adversely affected its performance during the year.

Oxiteno □ Oxiteno's EBITDA in 4Q05 and for the year 2005 as a whole, amounted to R\$ 42 million and R\$ 300 million, a respective reduction of 62% and 29% compared to the same period a year earlier, principally as a result of the appreciation of the *Real* against the US dollar and the effect of the higher oil prices on the cost of the company's main raw material.

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Ultracargo □ In 4Q05, Ultracargo reported EBITDA of R\$ 8 million, 12% lower than in the same period a year earlier. The reduction in EBITDA is due principally to the increase in fuel costs, as well as the additional costs and expenses due to the start of operations at the Santos Intermodal Terminal, which experienced a period of lower revenues given that the fourth quarter falls during an inter-harvest period in the soybean oil and ethanol markets. For 2005 as a whole, Ultracargo's EBITDA amounted to R\$ 44 million, an increase of 9% compared to 2004, principally as a result of expansion in operational volume.

EBITDA (in R\$ million)

Financial Result □ Ultrapar reported net financial revenues of R\$ 1 million in 4Q05, compared to net financial expenses of R\$ 10 million in 4Q04. The improvement seen between the two quarters was basically due to the increase in the company's net cash position and the 5% depreciation in the Brazilian Real during 4Q05, compared to appreciation of 7% in 4Q04. Ultrapar ended 2005 with net financial expenses of R\$ 27 million, 39% lower than the net financial expenses of R\$ 45 million reported in 2004. The improvement in financial result was due to the R\$ 57 million increase in interest income from financial investments, as a result of the higher average cash position, partially offset by the R\$ 39 million increase in interest expenses.

Net Earnings □ Consolidated net earnings in 4Q05 amounted to R\$ 42 million, down 62% on the same period a year earlier. For 2005 as a whole, Ultrapar accumulated net earnings of R\$ 299 million, 28% lower than the result reported in 2004, but 22% higher than the net earnings reported in 2003.

Investments □ During 4Q05, Ultrapar invested a total of R\$ 60 million, allocated as follows:

- At Ultragaz, the main investments were on the renewal and maintenance of assets.
- At Oxiteno, of the R\$ 34 million invested, R\$ 16 million was allocated to the construction of the new fatty alcohols plant, with the balance allocated to expanding production capacity of specialty chemicals and improving quality.
- At Ultracargo, investment was mainly allocated to expanding the company's transport fleet.

**Consolidated capital expenditures and
acquisitions,
net of disposals - R\$ million**

CAPEX* 4Q05	R\$ m	% of Total
Ultragaz	23	38%
Oxiteno	34	57%
Ultracargo	3	5%
Ultrapar	60	100%

* Net of the disposals

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Additionally, below we set out Ultrapar's investment plan for the year 2006. The investment budget amounts to R\$ 388 million, of which R\$ 238 million is to be allocated at Oxiteno, especially in expansion projects - R\$ 163 million being on the new fatty alcohol plant, with the balance to be spent on expanding the production of specialty chemicals, increasing the production capacity of ethylene oxide, and on continual quality improvement projects, safety and the environment. At Ultragas, R\$ 90 million of investment has been allocated to improving quality and productivity - including IT projects to provide support for the optimization of its sales channels - and on bulk distribution. Investments at Ultracargo are to be allocated to expanding storage capacity, as well as the company's transport fleet. The investments outlined above do not include possible acquisitions.

CAPEX 2006*	R\$ million	% of Total
Ultragas	90	23%
Oxiteno	238	61%
Ultracargo	60	16%
Ultrapar	388	100%

* Net of disposals

Ultrapar in the Capital Markets

Ultrapar's share price depreciated by 27% in 2005. During this period, the Ibovespa and the IBX appreciated by 28% and 37%, respectively. Ultrapar's average daily trading volume in 2005 amounted to R\$ 5.5 million, an increase of 48% compared to 2004.

Price Comparison UGPA4 vs. Ibovespa vs. IBX
(base 100)

Average Daily Traded Volume
(R\$ million)

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4º Trimestre 05**Outlook**

The successive reductions in the basic interest rate, begun at the end of 2005, lead to promising prospects for a pickup in the domestic economy, which could benefit the performance of our businesses in the domestic market. Ultragas began the year with an ambitious cost and expense reduction program, and a project to review its logistics and distribution structure - focusing on improving profitability and maximizing free cash generation. For the chemical business, we began 2006 with a major investment plan focused on organic growth. We will be making significant strides in the construction of our new fatty alcohols plant - the first in Latin America, comparable to the largest in the world and using renewable raw materials - adding an additional 100,000 tons of production capacity and increasing our degree of competitiveness in the markets for cosmetics and detergents. We are also increasing our specialty chemicals and ethylene oxide production capacity, scheduled to come on stream at the beginning of 2007 and 2008, respectively. At Ultracargo, the gradual occupational buildup at the Santos Intermodal Terminal and the expansion projects scheduled for existing terminals, should improve the company's ability to provide a differentiated service in integrated logistics for special products, principally in the country's main export ports. We carried out two important funding operations in the debt market, providing

Ultrapar with a long-term debt profile at a competitive cost, which constitutes an additional tool in paving the way for investments in the company's growth, including potential acquisitions abroad. We believe that these initiatives will be instrumental in enabling us to continue on our existing growth path.

Forthcoming Events

Conference Call / Webcast for market analysts: February 17, 2006

Ultrapar will be holding a conference call for market analysts on February 17, 2006, to comment on the company's 4Q05 performance and future outlook. A presentation will be available for download from our website one hour before the start of the conference calls.

National: 11.00 a.m. (Brasília time)

Telephone number for registration (up to February 16, 6.00 p.m.): **+55 11 2103-1687**

Address for registration: conferencecall@wittel.com.br

Code: Ultrapar

For connection, please call 5 minutes before the conference call on telephone number: **55 11 2101-1490**.

International: 12.00 midday (Brasília time) / 9.00 a.m. (Eastern Standard Time, New York)

Brazilian participants: 0-800-891-3951

US participants: 1-800-322-0079

International participants: +1 (973) 935-2100

Code: Ultrapar or 6939403

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

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Operational and Market Information

Financial Focus	4Q05	4Q04	3Q05	2005	2004
Ultrapar - EBITDA margin	8%	15%	10%	12%	15%
Ultrapar - net margin	4%	9%	5%	6%	9%

Productivity	4Q05	4Q04	3Q05	2005	2004
EBITDA R\$/ton Ultragas	91	167	130	128	174
EBITDA R\$/ton Oxiteno	350	878	403	572	812

Focus on Human Resources	4Q05	4Q04	3Q05	2005	2004
Number of employees: Ultrapar	6,992	6,724	7,031	6,992	6,724

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Number of employees: Ultragaz	4,424	4,438	4,522	4,424	4,438
Number of employees: Oxiteno	1,210	1,121	1,181	1,210	1,121
Number of employees: Ultracargo	1,151	966	1,107	1,151	966

Focus on Capital Markets	4Q05	4Q04	3Q05	2005	2004
Quantity of shares (million)	81,325	69,691	81,325	81,325	69,691
Market value ⁽³⁾ □ R\$ million	2,218	3,367	3,134	3,296	2,681

Bovespa

Average daily volume (shares)	64,515	86,386	78,689	79,784	71,265
Average daily financial volume (R\$ □000)	2,236	4,211	3,033	3,234	2,848
Average share price (R\$ / share)	34.7	48.7	38.5	40.5	40.0

NYSE

Quantity of ADRs ¹ (□000 ADRs)	9,902	4,984	10,161	9,902	4,984
Average daily volume (ADRs)	50,841	32,511	59,513	57,368	21,409
Average daily financial volume (US\$ □000)	775	589	961	944	309
Average price (US\$ / ADRs)	15.3	18.1	16.1	16.5	14.4

Total²

Average daily volume (shares)	115,356	118,897	138,202	137,152	92,674
Average daily financial volume (R\$ mil)	3,959	5,837	5,293	5,524	3,731

¹ 1 ADR = 1 preferred share

² Total = BOVESPA + NYSE

³ Calculated based on the weighted average price in the period

All financial information is presented according to the accounting principles laid down in Brazilian Corporate Legislation (BR GAAP). All figures are expressed in Brazilian *Reais*, except for the amounts on page 18, which are expressed in US dollars and were obtained using the average rate of exchange (commercial dollar rate) for the corresponding periods.

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 forecast. Therefore, the reader should not base investment decisions solely on these estimates.

For additional information please contact:

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4º Trimestre 05

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil

	QUARTERS ENDED IN		
	DEC	DEC	SEP
	2005	2004	2005
ASSETS			
Cash and cash equivalents	1,250.9	558.4	636.3
Trade accounts receivable	343.3	369.3	362.2
Inventories	191.7	210.3	174.9
Other	102.4	118.3	119.9
Total Current Assets	<u>1,888.3</u>	<u>1,256.3</u>	<u>1,293.3</u>
Investments	32.3	31.8	32.3
Property, plant and equipment	1,072.7	1,047.4	1,056.5
Deferred charges	98.3	99.8	100.7
Long term investments	372.7	38.8	359.5
Other long term assets	167.0	104.7	136.4
Total Long Term Assets	<u>1,743.0</u>	<u>1,322.5</u>	<u>1,685.4</u>
TOTAL ASSETS	<u>3,631.3</u>	<u>2,578.8</u>	<u>2,978.7</u>
LIABILITIES			
Loans and financing	135.9	293.0	131.4
Debentures	17.9	-	4.4
Suppliers	90.9	102.0	68.1
Payroll and related charges	66.1	94.1	74.5
Taxes	12.0	14.8	19.5
Other accounts payable	117.4	93.1	22.1
Total Current Liabilities	<u>440.2</u>	<u>597.0</u>	<u>320.0</u>
Loans and financing	978.6	258.1	385.8
Debentures	300.0	-	300.0
Income and social contribution taxes	24.1	31.8	33.1
Other long term liabilities	68.6	63.2	61.4

Total Long Term Liabilities	1,371.3	353.1	780.3
TOTAL LIABILITIES	1,811.5	950.1	1,100.3
STOCKHOLDERS' EQUITY			
Capital	946.0	664.0	946.0
Capital reserve	0.3	0.1	0.3
Revaluation reserves	15.0	16.4	15.3
Profit reserves	828.9	920.0	685.5
Retained earnings	-	-	201.4
Total Stockholders' Equity	1,790.2	1,600.5	1,848.5
Minority Interests	29.6	28.2	29.9
TOTAL STOCKHOLDERS' EQUITY & M.I.	1,819.8	1,628.7	1,878.4
TOTAL LIAB. AND STOCKHOLDERS' EQUITY	3,631.3	2,578.8	2,978.7
Cash and Long term investments	1,623.6	597.2	995.8
Debt	1,432.4	551.1	821.6
Net cash (debt)	191.2	46.1	174.2

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4º Trimestre 05

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED STATEMENT OF INCOME
In millions of reais (except per share data) - Accounting practices adopted In Brazil

	QUARTERS ENDED IN			ACCUMULATED	
	DEC	DEC	SEP	DEC	DEC
	2005	2004	2005	2005	2004
Net sales and services	1,125.5	1,220.0	1,229.3	4,693.8	4,784.2
Cost of sales and services	(944.5)	(931.7)	(1,009.7)	(3,783.4)	(3,669.9)

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Gross profit	181.0	288.3	219.6	910.4	1,114.3
Operating expenses					
Selling	(49.0)	(49.4)	(48.5)	(187.6)	(193.7)
General and administrative	(60.8)	(67.5)	(60.9)	(237.8)	(237.5)
Depreciation and amortization	(32.0)	(30.7)	(31.6)	(126.3)	(124.7)
Other operating income (expenses)	(1.4)	1.1	0.5	(0.4)	5.5
Income before equity and financial results	37.8	141.8	79.1	358.3	563.9
Financial results	0.9	(9.5)	(2.7)	(27.3)	(45.0)
Financial income	31.3	18.7	39.8	118.7	68.9
Financial expenses	(24.5)	(22.4)	(36.1)	(120.4)	(87.6)
Taxes on financial activities	(5.9)	(5.8)	(6.4)	(25.6)	(26.3)
Equity in earnings (losses) of affiliates					
Affiliates	0.2	-	(0.1)	1.6	-
Nonoperating income (expense)	1.5	(3.9)	(0.7)	(1.8)	(16.0)
Income before taxes and profit sharing	40.4	128.4	75.6	330.8	502.9
Provision for income and social contribution tax	(7.4)	(46.7)	(22.7)	(92.6)	(176.5)
Benefit of tax holidays	9.1	29.3	15.3	63.8	93.5
Income before minority interest	42.1	111.0	68.2	302.0	419.9
Minority interest	(0.4)	(1.2)	(1.0)	(2.8)	(5.4)
Net Income	41.7	109.8	67.2	299.2	414.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EBITDA	86.5	185.9	126.8	546.0	736.6
Depreciation and amortization	48.7	44.1	47.7	187.7	172.7
Investments	59.6	82.7	51.9	218.7	283.9
RATIOS					
Earnings / share - R\$	0.51	1.57	0.83	3.73	5.95
Net debt / Stockholders' equity	Na	Na	Na	Na	Na
Net debt / LTM EBITDA	Na	Na	Na	Na	Na
Net interest expense / EBITDA	Na	0.05	0.02	0.05	0.06
Gross margin	16%	24%	18%	19%	23%
Operating margin	3%	12%	6%	8%	12%
EBITDA margin	8%	15%	10%	12%	15%

4º Trimestre 05

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED CASH FLOW STATEMENT*
In millions of reais - Accounting practices adopted in Brazil

	DEC	
	2005	2004
Cash Flows from operating activities	503.2	555.7
Net income	299.2	414.5
Minority interest	2.8	5.4
Depreciation and amortization	187.7	172.7
Working capital	9.0	(42.7)
Financial expenses (A)	54.9	17.6
Deferred income and social contribution taxes	(27.4)	1.5
Other (B)	(23.0)	(13.3)
Cash Flows from investing activities	(218.7)	(283.9)
Additions to property, plant, equipment and deferred charges (C)	(218.7)	(267.7)
Acquisition of minority interests (including treasury shares)	-	(16.2)
Cash Flows from (used in) financing activities	742.0	(228.8)
Short term debt, net	(129.7)	(89.2)
Issuances	1.161.4	249.2
Debt payments	(202.7)	(255.4)
Related companies	(4.7)	(1.1)
Dividends paid (D)	(129.5)	(132.3)
Increase of capital	47.2	-
Net increase (decrease) in cash and cash equivalents	1.026.5	43.0
Cash and cash equivalents at the beginning of the period	597.1	554.1
Cash and cash equivalents at the end of the period (E)	1.623.6	597.1
Supplemental disclosure of cash flow information		
Cash paid for interest (F)	57.3	25.3
Cash paid for taxes on income (F)	26.4	49.6

(A) Not including financial income. Comprised basically of financial expenses, in particular, exchange variations.

- (B) Comprised mainly cost of permanent asset sold and noncurrent assets and liabilities net.
- (C) Included ICMS on the Property, plant and equipment according to Law Complemental no. 102/2000.
- (D) Including dividends paid by Ultrapar and its subsidiaries.
- (E) Included Long term investments.
- (F) Included in cash flow from operating activities.
- (*) Cash Flow of 2004 adjusted to reflect the Accounting Standards and Procedures No. 20 (NPC 20) issued by IBRACON (Brazilian Institute of Independent Auditors), except for the long-term investments flow and corresponding long-term interests which are presented as investments and operating activities, respectively, according to NPC 20 and here are presented as Cash and cash equivalents at the end of the period.

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4º Trimestre 05

**ULTRAGAZ PARTICIPAÇÕES LTDA.
CONSOLIDATED BALANCE SHEET**
In millions of reais - Accounting practices adopted in Brazil

	QUARTERS ENDED IN		
	DEC	DEC	SEP
	2005	2004	2005
OPERATING ASSETS			
Trade accounts receivable	160.3	157.8	164.5
Inventories	34.6	33.8	28.9
Other	20.6	33.1	36.8
Property, plant & equipment	423.1	453.9	426.0
Deferred charges	71.0	68.7	72.1
TOTAL OPERATING ASSETS	709.6	747.3	728.3
OPERATING LIABILITIES			
Suppliers	32.2	17.4	18.3
Payroll and related charges	30.3	37.5	36.2
Taxes	3.5	2.7	2.7
Other accounts payable	2.8	5.2	4.8
TOTAL OPERATING LIABILITIES	68.8	62.8	62.0

ULTRAGAZ PARTICIPAÇÕES LTDA.
CONSOLIDATED STATEMENT OF INCOME
In millions of reais - Accounting practices adopted in Brazil

	QUARTERS ENDED IN			ACCUMULATED	
	DEC	DEC	SEP	DEC	DEC
	2005	2004	2005	2005	2004
Net sales	724.2	726.3	772.2	2,902.4	2,968.1
Cost of sales and services	(641.9)	(615.2)	(675.1)	(2,530.8)	(2,519.8)
Gross profit	82.3	111.1	97.1	371.6	448.3
Operating expenses					
Selling	(27.7)	(26.7)	(24.9)	(98.6)	(105.7)
General and administrative	(18.5)	(21.9)	(19.0)	(76.0)	(76.3)
Depreciation and amortization	(29.6)	(28.6)	(29.4)	(117.3)	(116.2)
Other operating results	(1.7)	0.9	(0.1)	(1.9)	2.6
EBIT	4.8	34.8	23.7	77.8	152.7
EBITDA	34.4	63.4	53.1	195.1	268.9
Depreciation and amortization	29.6	28.6	29.4	117.3	116.2
RATIOS					
Gross margin	11%	15%	13%	13%	15%
Operating margin	1%	5%	3%	3%	5%
EBITDA margin	5%	9%	7%	7%	9%

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4º Trimestre 05

OXITENO S/A - INDÚSTRIA E COMÉRCIO
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil

QUARTERS ENDED IN

	<u>DEC</u>	<u>DEC</u>	<u>SEP</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>
OPERATING ASSETS			
Trade accounts receivable	163.8	192.5	175.9
Inventories	153.6	174.0	143.0
Other	34.2	32.8	29.6
Property, plant & equipment	446.7	402.1	422.9
Deferred charges	8.7	4.0	8.1
TOTAL OPERATING ASSETS	<u>807.0</u>	<u>805.4</u>	<u>779.5</u>
OPERATING LIABILITIES			
Suppliers	54.4	75.9	42.6
Payroll and related charges	26.6	47.0	28.3
Taxes	5.3	6.7	9.3
Other accounts payable	11.1	16.8	17.8
TOTAL OPERATING LIABILITIES	<u>97.4</u>	<u>146.4</u>	<u>98.0</u>

OXITENO S/A - INDÚSTRIA E COMÉRCIO
CONSOLIDATED STATEMENT OF INCOME
In millions of reais - Accounting practices adopted in Brazil

	<u>QUARTERS ENDED IN</u>			<u>ACCUMULATED</u>	
	<u>DEC</u>	<u>DEC</u>	<u>SEP</u>	<u>DEC</u>	<u>DEC</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>
Net sales	354.2	452.7	409.4	1,610.1	1,662.7
Cost of goods sold					
Variable	(236.3)	(259.0)	(272.2)	(1,009.9)	(944.5)
Fixed	(28.4)	(25.8)	(27.8)	(106.1)	(93.6)
Depreciation and amortization	(9.1)	(8.3)	(8.7)	(34.7)	(30.9)
Gross profit	80.4	159.6	100.7	459.4	593.7
Operating expenses					
Selling	(21.0)	(22.6)	(23.5)	(88.6)	(87.8)
General and administrative	(26.6)	(33.6)	(27.0)	(107.1)	(118.1)
Depreciation and amortization	(1.9)	(1.9)	(2.0)	(7.6)	(7.2)
Other operating results	0.3	-	0.7	1.8	2.3

EBIT	31.2	101.5	48.9	257.9	382.9
EBITDA	42.2	111.7	59.6	300.2	421.0
Depreciation and amortization	11.0	10.2	10.7	42.3	38.1

RATIOS

Gross margin	23%	35%	25%	29%	36%
Operating margin	9%	22%	12%	16%	23%
EBITDA margin	12%	25%	15%	19%	25%

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4º Trimestre 05

**ULTRACARGO PARTICIPAÇÕES LTDA.
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil**

	QUARTERS ENDED IN		
	DEC	DEC	SEP
	2005	2004	2005
OPERATING ASSETS			
Trade accounts receivable	25.0	20.5	23.7
Inventories	3.5	2.5	3.1
Other	4.5	4.6	5.3
Property, plant & equipment	193.7	181.0	197.4
Deferred charges	7.7	5.4	7.5
TOTAL OPERATING ASSETS	234.4	214.0	237.0
OPERATING LIABILITIES			
Suppliers	9.8	10.1	8.9
Payroll and related charges	9.1	9.2	10.0
Taxes	2.5	2.4	3.0
Other accounts payable	0.1	2.1	2.0
TOTAL OPERATING LIABILITIES	21.5	23.8	23.9

ULTRACARGO PARTICIPAÇÕES LTDA.
CONSOLIDATED STATEMENT OF INCOME
In millions of reais - Accounting practices adopted in Brazil

	QUARTERS ENDED IN			ACCUMULATED	
	DEC	DEC	SEP	DEC	DEC
	2005	2004	2005	2005	2004
Net sales	59.8	52.7	61.6	234.2	197.3
Cost of sales and services	(41.5)	(34.9)	(39.8)	(154.9)	(125.0)
Gross profit	18.3	17.8	21.8	79.3	72.3
Operating expenses					
Selling	(0.4)	(0.2)	-	(0.4)	(0.3)
General and administrative	(17.5)	(13.9)	(16.5)	(61.0)	(50.0)
Depreciation and amortization	(0.2)	(0.1)	(0.1)	(0.5)	(0.5)
Other operating results	-	0.4	-	(0.2)	1.5
EBIT	0.2	4.0	5.2	17.2	23.0
EBITDA	8.0	9.1	12.5	44.3	40.6
Depreciation and amortization	7.8	5.1	7.3	27.1	17.6
RATIOS					
Gross margin	31%	34%	35%	34%	37%
Operating margin	0%	8%	8%	7%	12%
EBTIDA margin	13%	17%	20%	19%	21%

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4º Trimestre 05

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED INCOME STATEMENT
In millions of US dollars (except per share data) - Accounting practices adopted in Brazil

(US\$ millions)	QUARTERS ENDED IN			ACCUMULATED	
	DEC	DEC	SEP	DEC	DEC
	2005	2004	2005	2005	2004
Net sales					
Ultrapar	500.0	437.8	524.7	1,927.5	1,635.0
Ultragaz	321.7	260.6	329.6	1,191.9	1,014.3
Oxiteno	157.4	162.5	174.7	661.2	568.2
Ultracargo	26.6	18.9	26.3	96.2	67.4
EBIT					
Ultrapar	16.8	50.9	33.8	147.1	192.7
Ultragaz	2.1	12.5	10.1	31.9	52.2
Oxiteno	13.9	36.4	20.9	105.9	130.9
Ultracargo	0.1	1.4	2.2	7.1	7.9
Operating margin					
Ultrapar	3%	12%	6%	8%	12%
Ultragaz	1%	5%	3%	3%	5%
Oxiteno	9%	22%	12%	16%	23%
Ultracargo	0%	8%	8%	7%	12%
EBITDA					
Ultrapar	38.4	66.7	54.1	224.2	251.7
Ultragaz	15.3	22.8	22.7	80.1	91.9
Oxiteno	18.7	40.1	25.4	123.3	143.9
Ultracargo	3.6	3.3	5.3	18.2	13.9
EBITDA margin					
Ultrapar	8%	15%	10%	12%	15%
Ultragaz	5%	9%	7%	7%	9%
Oxiteno	12%	25%	15%	19%	25%
Ultracargo	13%	17%	20%	19%	21%
Net income					
Ultrapar	18.5	39.4	28.7	122.9	141.7
Net income / share (US\$)	0.23	0.57	0.35	1.53	2.03

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ULTRAPAR PARTICIPAÇÕES S/A
LOANS, DEBENTURES, CASH AND MARKETABLE SECURITIES
 In millions of reais - Accounting practices adopted in Brazil

Loans and debentures	Balance in December/2005					Index/ Currency (*)
	Ultragaz	Oxiteno	Ultracargo	Ultrapar Holding	Ultrapar Consolidated	
Foreign Currency						
Syndicated loan	-	140.6	-	-	140.6	US\$
Financings for Property Plant & Equipment	-	11.0	-	-	11.0	MX\$ + TIIE(*)
Working capital loan	-	0.4	-	-	0.4	MX\$ + TIIE(*)
Export prepayment, net of linked operations	-	44.9	-	-	44.9	US\$
Foreign financing	-	28.5	-	-	28.5	US\$ + LIBOR
Notes	586.5				586.5	US\$
National Bank for Economic and Social Development - BNDES	-				-	-
Advances on Foreign Exchange Contracts	16.0	2.2	4.4	-	22.6	UMBNDDES(*)
	-	9.8	-	-	9.8	US\$
Subtotal	602.5	237.4	4.4	-	844.3	
Local Currency						
National Bank for Economic and Social Development - BNDES	89.6	34.8	48.6	-	173.0	TJLP(*)
Agency for Financing Machinery and Equipment (FINAME)	-	11.2	-	-	11.2	IGP-M(*)
Research and projects financing (FINEP)	1.1	10.1	36.5	-	47.7	TJLP(*)
Debentures	-	38.1	-	-	38.1	TJLP(*)
Other	-	-	-	317.9	317.9	CDI(*)
	-	-	0.2	-	0.2	-
Subtotal	90.7	94.2	85.3	317.9	588.1	
Total	693.2	331.6	89.7	317.9	1,432.4	
Composition per Annum						
Up to 1 Year	49.5	69.4	17.0	17.9	153.8	
From 1 to 2 Years	28.7	40.5	24.8	-	94.0	
From 2 to 3 Years	19.9	173.6	21.9	300.0	515.4	
From 3 to 4 Years	9.3	46.5	19.1	-	74.9	
From 4 to 5 Years	585.8	1.6	6.9	-	594.3	
Total	693.2	331.6	89.7	317.9	1,432.4	

(*) TJLP - Long Term Interest Rate / IGPM - Market General Price Index / UMBNDDES - BNDES Basket of Currencies / TIIE - Interbank Interest Rate

Cash and Long term investments	Balance in December/2005				
	Ultragaz	Oxiteno	Ultracargo	Ultrapar Holding	Ultrapar Consolidated
	101.8	1,095.4	66.7	359.7	1,623.6

NOTICE TO SHAREHOLDERS

ULTRAPAR PARTICIPAÇÕES S.A.

CNPJ nº 33.256.439/0001 -39

DISTRIBUTION OF DIVIDENDS

We hereby announce that the Board of Directors of Ultrapar Participações S.A., at its meeting held on February 15, 2006, approved the distribution of dividends, payable from net earnings account for the fiscal year ending December 31, 2005, in the amount of R\$ 100,000,074.82 (one hundred million and seventy four reais and eighty two cents), to be paid from March 7, 2006 without remuneration or monetary restatement. This distribution, in addition to the distribution of R\$ 57 million paid in advance in August 2005, amounts to a total of R\$ 157 million for the year 2005.

The holders of common and preferred shares will receive the dividend of R\$ 1.232498 per share.

The record date to establish the right to receive the dividend will be February 22, 2006 in Brazil, and February 27, 2006 in the United States of America. As from February 23, 2006, the shares will trade "ex-dividend" on both the São Paulo Stock Exchange (Bovespa) and the New York Stock Exchange (NYSE).

São Paulo, February 15, 2006.

Fábio Schvartsman

Chief Financial and Investor Relations Officer

ULTRAPAR PARTICIPAÇÕES S.A.

MANAGEMENT REPORT 2005

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAÇÕES S.A. (Ultrapar) is pleased to present the following Management Report, Balance Sheet and other Financial Statements for the fiscal year ending December 31, 2005. All data herein has been prepared according to Brazilian Corporate Law and is accompanied by independent auditor's report.

COMPANY PROFILE

Ultrapar is one of Brazil's largest and most solid economic groups. It has operations in Brazil and Mexico, with a prominent position in the sectors in which its three business units operate: the distribution of liquefied petroleum gas (LPG) through Ultragaz, the production of chemicals through Oxiteno, and logistics for chemical products and fuel through Ultracargo.

Ultragaz is the leader in the Brazilian LPG distribution market, with a market share of 24%, and is the sixth largest independent LPG distributor in the world. The company supplies 10.5 million homes, as well as 30,000 industrial and commercial clients in the South, Southeast, Northeast and Central West of Brazil. Oxiteno is Mercosur's sole producer of ethylene oxide and its main derivatives, as well as a major manufacturer of specialty chemicals. Its products are used in PET packaging, polyester textiles, paints, cosmetics, detergents and agrochemicals, among others. Ultracargo is a leading provider of integrated logistics services for the transport, storage, distribution and handling of chemical products and fuels.

OPERATING ENVIRONMENT

The year 2005 was challenging for Ultrapar and Brazil in general. In the domestic market the economic growth seen during 2004 started to slow down from the first quarter of 2005, becoming more visible from the second quarter onwards. The high interest rates, the strong appreciation in the Brazilian Real and the political crisis which began in the first half of the year - all hampered the performance of the Brazilian economy. The international environment remained favourable for Brazilian exports, but the strong appreciation seen in the Brazilian Real during 2005 had an adverse impact on the competitiveness of national industry. Additionally, the rise in international oil prices, increasing from an average of US\$ 38/barrel in 2004, to US\$ 54/barrel in 2005, created cost pressure throughout the global economy, especially in the petrochemical industry. GDP growth in Brazil up to September 30, 2005 amounted to 2.6%. Estimates are that with the weak industrial production in the fourth quarter, GDP growth in 2005 will be significantly lower than in 2004, when it amounted to 5%. On the other hand, Central Bank gradual reduction in interest rates which began at the end of 2005 has created an outlook for a relative improvement in economic activity in 2006.

ULTRAPAR IN 2005**Highlights of the year**

The year 2005 presented a combination of unfavourable factors for Ultrapar, both in respect of the macroeconomic scenario, as well as its sectors of operation. The appreciation of the Brazilian Real, the high oil price levels, the weak domestic economy and the drop in international petrochemical commodity prices from May on - all had a negative influence on the company's financial performance. We ended the year reporting net earnings of R\$ 299 million, a significant amount, however 28% lower than the net earnings reported in 2004, but still 22% higher than the net earnings reported in 2003. This combination of factors has strengthened Ultrapar's strategy of pursuing growth through increased operational scale, outstanding technology and focus on optimising costs and expenses. During the year, we have financially prepared ourselves for the expansion of the company, whether through organic expansion in Brazil or acquisitions abroad. We ended the year with a cash position of R\$ 1.6 billion, of which US\$ 250 million of debt raised in December in the international markets - for a term of 10 years at a risk rating above the Brazilian sovereign debt. We are duplicating our efforts towards cost reduction, aiming at the recovery of the company's profitability. At the end of the year, we approved an intense program of investment, which in 2006 will total R\$ 388 million - deepening our search for competitive raw materials, global scale and the use of state of art technology. At the same time, the good cash generated during the year enabled us to approve the distribution of R\$ 157 million in dividends for the year 2005 - R\$ 57 million distributed in advance in August 2005 and R\$ 100 million to be paid in March 2006, representing a 5.96% yield on the company's closing share price, in December 29, 2005.

Investments

Ultrapar maintains its long-term strategic vision, focusing on the creation of value for its shareholders. All investment carried out by Ultrapar is subjected to a rigorous analysis, which considers strategic, economic, financial and market aspects under various scenarios, using *EVA*[®] *Economic Value Added* as its main tool. In 2005, Ultrapar invested R\$ 219 million in its businesses. The company invested R\$ 94 million in Oxiteno in expanding specialty chemical production capacity in particular, starting construction of a fatty alcohol plant, and investing in modernization of its industrial units, as well as in safety, quality and the environment. At Ultragas, the investment of R\$ 84 million was mainly spent on the modernization of its assets and expanding its distribution of bulk LPG (UltraSystem). At Ultracargo, total investment amounted to R\$ 41 million, spent basically on the completion of the Santos Inter-modal Terminal and the expansion of its transport fleet.

The budget for investment in 2006 is R\$ 388 million, R\$ 238 million of which will be allocated to investment in expansion at Oxiteno - mainly on the new fatty alcohol plant, the expansion of specialty chemical and ethylene oxide production capacity, as well as ongoing improvement projects in quality, safety and the environment. At Ultragas, R\$ 90 million have been budgeted for quality and productivity improvement - including IT projects to provide support for the optimization of sales channels - and in the expansion of bulk distribution. The investments in Ultracargo will be allocated to expanding storage capacity and enlarging the

Capital Markets

Ultrapar continued to have a close relationship with the capital markets in 2005, focusing on transparency and respect for investors and shareholders, recognizing them as essential partners in ensuring the sustained growth of the company. Three large market operations were carried out, one in the equity market and two in the debt market.

In April 2005, Ultrapar completed a primary and secondary offering of preferred shares, totalling R\$ 362 million, including an over-allotment option, with the main object of increasing the liquidity of Ultrapar's shares in the equity market. The offer resulted in an increase of 51% in the company's total free float, which was enlarged from 26% to 39% of the total capital. The company's shareholder base was also significantly increased, with approximately 1,800 new investors.

In the Brazilian debt market, Ultrapar carried out its first issue of debentures, for a total amount of R\$ 300 million and a three-year term, at an annual rate equivalent to 102.5% of the CDI rate. In December, the

company accessed international capital markets with the issue of US\$ 250 million in notes, with a 10-year term and interest of US\$ variation + 7.25%^{pa} - the lowest interest rate obtained by a Brazilian company in the corporate segment for a 10-year term issue. Both on a local as well as a global scale, Standard & Poor's attributed a risk rating above that of Brazilian sovereign debt for the company and the securities issued: AA+ on a national scale and BB+ on a global scale - based mainly on the combination of favourable fundamentals for the company's businesses, together with the solid financial position shown over many years. The risk rating on the global scale is only one notch lower than the investment grade. Ultrapar now has a long term structural debt at a competitive cost, which constitutes an additional tool to enable investment in the company's future growth, including potential acquisitions abroad.

Regarding Ultrapar's performance on the stock exchange, the shares have depreciated by 27% on the Bovespa and 19% on the NYSE. The average daily trading volume was 48% higher than in 2004 - taking into account the

trading on the Bovespa and the NYSE - largely as a result of the company's efforts to increase the liquidity in shares. More than 200 meetings were held during the year with members of the capital markets, with the participation at 20 events with investors and market analysts, both in Brazil as well as abroad.

Ultrapar declared dividends of R\$ 157 million for the year 2005, representing a dividend yield of 5.96% -taking the closing share price of R\$ 32.50 as at December 29, 2005. Ultrapar constantly evaluates its immediate capital needs for investment in assets and acquisitions and, in light of its continuing sound financial position, the company distributes its excess cash in the form of dividends to its shareholders.

Corporate Governance

In 2005, Ultrapar continued the process of improving its corporate governance. The Board of Directors nominated two new officers to the executive board of Ultrapar, Pedro Jorge Filho - also the new CEO of Ultragas, and Eduardo de Toledo, the CEO of Ultracargo. At the same time, the company broadened the concept of transforming its new generation of leading executives into shareholders, strengthening the alignment of interests between management and shareholders. At the end of 2005, the program included five executives of the new generation.

Measures were adopted to give the various management bodies a more structured method of operating, in particular: (i) the establishment of a permanent Fiscal Council in July 2005, which will also assume the role of Audit Committee, in accordance with the requirements of the *Sarbanes-Oxley* act (ii) the formation of an internal audit department, (iii) the start of an evaluation process for various company procedures, from the standpoint of existing risk and actions necessary to meet the requirements of the *Sarbanes Oxley Act*, with the aim of ensuring the effectiveness of internal controls, (iv) joining, by Ultrapar, Level 1 of Bovespa Corporate Governance and (v) participation by Ultrapar in the *Latin American Corporate Governance Roundtable*

Company Circle, a study group sponsored by the *Organization for Economic Co-operation and Development* (OECD), with the cooperation of the IFC (*International Finance Corporation*) and Bovespa, whose objective is to develop corporate governance in Latin America.

The company's efforts were recognized by the market through the granting of awards such as - for the second year running - Best Company in Corporate Governance for the Oil, Gas and Petrochemical Segment, in Latin America ranked by *Institutional Investor Research Group*. Ultrapar's investor relations program was voted among the top five in a poll organized by IR Magazine, for companies outside the Bovespa Index.

Operational Excellency □ Technology, Quality, Safety and the Environment

Ultrapar bases its operations on meeting the needs of its clients, aiming to pleasantly surprise them. To this end, all the company's businesses are centred round a base of leading-edge technology and innovation. At Ultragas, such technology and innovation is exemplified in the decentralized management structure, by which each market manager seeks to understand the precise requirements of his clients, supported by a costing and return analysis systems which permit him to act as if he were the true owner of the business. This is sound use of technology and good commercial sense, when dealing with the different cultures that exist within Brazil's national territory. As recognition for the high standard of its products and services, Ultragas was nominated, for the second time, as the company with the most respect for the consumer in Brazil's domestic gas segment, in research carried out by TNS / Interscience for the Magazine Consumidor Moderno (*modern consumer*), with double the points awarded to the runner up in the research. At Oxiteno, its excellence in technology and innovation is apparent in its □Science and Technology Council□, a consultant body for the Executive Board, of which six of the world's major specialists in tensoactives are members. The Council, set up in 2004, carries out a critical analysis of the company's research and development projects, as well as the management methodology used. Valuable recommendations allow Oxiteno to increase the efficiency of its research and development work, as well as widening the reach of its cooperation with institutions abroad. At Ultracargo, the constant search for innovative logistics solutions for its clients has ended up developing into new business opportunities for the company.

To guarantee the maximum level of safety in its operations, Ultrapar adopts management risk policies aimed at eliminating or minimizing losses in the event of market or operational contingencies. The base of this is a management that is guided by control policies, specific strategies and determined exposure limits, which include quality, safety and environmental programs.

As from the beginning, the company has shown a special concern for quality, safety and the environment, which permeates throughout all its operations, this being fundamental to the company's sustainable growth. Its three businesses hold certificates which attest to the quality of their products and services, as well as the quality of their operations with respect to the environment. In 2005, Oxiteno continued its investment in improving productivity and safety in its asset base, resulting in better use of the resources used in the production process. One important project developed for Oxiteno in the environmental area was the construction of a new effluent treatment station in the plant at Mauá (SP), with a treatment capacity of 50 m³/hour of effluent. Ultragas has implemented an environmental management program, based on the analysis of the aspects and environmental impacts inherent in its operations, which should optimize the use of natural resources in its operations facilities, as well as providing intense training for safety technicians on environmental issues. The objective of this program is to bring all Ultragas's installations into line with the ISO 14000 certification standards. At Ultracargo, 2005 was a year with a zero accident rating - in terms of accidents requiring time off work. There were no grave accidents at any of its terminals or during any of the 10 million kilometres travelled in its transport activities. In the area of finance, Ultrapar seeks to optimize the management of its financial assets and liabilities, with the aim of reducing its long-term cost of capital, always preserving adequate levels of liquidity and safety. Ultrapar has a financial investment committee, which periodically monitors the financial risk assumed by the company.

Personel Management and Social Responsibility

Ultrapar believes that its people are the single most important factor in sustaining its business growth. The management of personnel - including attracting them into the company, retaining them, providing them with professional qualifications, training and satisfactory remuneration - is a major priority. The company's internship and trainee programs demonstrate this concern for the training of its professional staff. In 2005, 77 new trainees and interns were enrolled in 12 and 18-month programs, through which they pass through various areas of the company, each one carrying out important projects. Concrete examples of the training of staff and the development of talent through Ultrapar's internship and trainee programs, are its two new officers, nominated in 2005, who both began their career with the company as graduate trainees. A total of approximately 56,000 hours were spent in training sessions as part of training and development programs in 2005.

In the social area, 2005 saw the development by Ultrapar of partnerships in structured projects for the community. The company's seeks to promote initiatives mainly in regions close to its units, where it is best able to identify the needs and potential of the local public. Through its subsidiaries, it has developed new

relationships and strengthened existing relationships with non-governmental organizations and municipal authorities, such as the Ayrton Senna Institute, the *Obra do Berço* Association (*cultural and educational program for children and adolescents*), *Ação Comunitária* (*promotes social programs in Brazil's slums*) and the Iochpe Foundation - Projeto Formare (*training project*), seeking to focus its efforts on the promotion of education, culture and professionalization as a way of social inclusion.

Added Value

In 2005 Ultrapar generated added value of R\$ 1.2 billion, distributed according to the chart below:

Note: drawn up in agreement with the model of the Accounting, Actuarial and Financial Research Institute Foundation, part of the University of São Paulo □ FIEPECAFI

Relationship with Independent Auditors

Ultrapar's policies and those of its subsidiaries in the contracting of services not related to external auditing

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from its independent auditors, aim to ensure that there is no conflict of interest, loss of independence or objectivity, being based on principles which preserve the auditor's independence. These principles are based on the premise that the auditor should neither audit its own work, nor exercise any management role.

In accordance with the requirements of the bylaws and the applicable legislation, the Fiscal Council/Audit Committee must first recommend and / or indicate to the Board of Directors the contracting of the services from the independent auditors. In addition, Ultrapar has a procedure which involves its Legal Board in the prior evaluation of the objectives of the various services to be provided by the external auditors, in addition to an examination of the financial statements, in order to conclude, in light of the pertinent legislation, whether or not such services by nature represent a conflict of interest or affect the independence and objectivity of the independent auditors.

Services Contracted in the Period

In the year ending December 31, 2005, Ultrapar and its subsidiaries contracted other work not directly linked to the auditing of financial statements from these auditors, whose value amounted to R\$ 76,072, representing 5.2% of the total fees for external audit services, as follows:

Year of contracting	Nature of service	Total fee amount (R\$)	% in relation to external audit fees
2005	Tax consultancy and training	76,072	5,2

As declared by the external auditors to Ultrapar's management, and based on our own evaluation, the work in question did not affect the independence or objectivity necessary for the satisfactory performance of the independent auditors.

ANALYSIS OF FINANCIAL PERFORMANCE IN 2005

The financial and operational information of Ultrapar is presented on a consolidated basis, according to the general accounting practices adopted in Brazil.

Financial highlights, by business line Amounts expressed in R\$ million

	2005				2004			
	Ultrapar	Ultragaz	Oxiteno	Ultracargo	Ultrapar	Ultragaz	Oxiteno	Ultracargo
Financial indicators ¹								
Net revenue	4,694	2,902	1,610	234	4,784	2,968	1,663	197
Gross profit	910	372	459	79	1,114	448	594	72
Operating Profit ²	358	78	258	17	564	153	383	23
Net earnings	299				414			
EBITDA ³	546	195	300	44	737	269	421	41

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The financial and operational information of Ultragas, Oxiteno and Ultracargo is presented without eliminating the transactions carried out between companies.

² Operating profit before financial income (expenses) and equity income.

³ EBITDA is a measure it used to measure of the company's cash generation. For a better understanding of the EBITDA calculation, please see Note 16 in the consolidated financial statements.

Sales Volume Oxiteno's operational performance in the domestic market is strongly correlated to the growth in the economy, given that its products have various applications in different segments of the market. However, despite the weak economic growth in the economy, Oxiteno's sales volume in the domestic market increased by 7% compared to the previous year, the result of winning new clients and growth in market share with existing clients. Exports were down by 10% in 2005, basically due to the increased sales in the domestic market. Due to the performance of the economy, the LPG market in 2005 decreased by 1% in relation to 2004, with a drop of similar magnitude seen in the sales volume of Ultragas. At Ultracargo, effective storage in the liquid and gas segments was 8% higher than in 2004, basically due to the start-up of operations at the Santos Terminal. Additionally, there was an increase of 5% in kilometrage travelled, when compared to the previous year, due to new contracts entered into during 2004.

Ultragas Operational Data	2005	2004	Δ(%) 2005x2004
Total Volume (□000 tons)	1,531	1,549	(1%)
Bottled	1,406	1,052	(1%)
Bulk	485	497	(2%)

Oxiteno Operational Data	2005	2004	Δ(%) 2005x2004
Total Volume (□000 tons)	525	518	1%
Sales in Brazil	365	341	7%
Sales outside Brazil	160	177	(10%)

Ultracargo Operational Data	2005	2004	Δ(%) 2005x2004
Effective storage (□000 m ³)*	221	204	8%
Kilometrage travelled (million)	53	50	5%

* *Monthly average*

Net revenue □ In 2005 Ultrapar's net revenue amounted to R\$ 4,694 million, 2% lower than that reported in 2004. Oxiteno reported net revenue of R\$ 1,610 million, 3% lower than the previous year, basically as a result of the 17% appreciation in the Brazilian Real, compared to 2004, partially compensated for by an improvement in sales mix, with sales growth in the domestic market. Ultragas reported net revenue of R\$ 2,902 million,

down 2% on the previous year, largely due to the 1% drop in the Brazilian LPG market - which resulted in a reduction of equal magnitude in the volume sold by Ultragas, and also due to greater market competition, with a consequent drop in prices. The increase in Ultracargo's operations pushed up net revenues to R\$ 234 million, an increase of 19% on that reported in 2004.

Cost of products and services □ Ultrapar's cost of products and services in 2005 increased by 3%, or R\$ 114 million, in relation to 2004. Oxiteno's cost of products sold increased by 8% in 2005, due to: (i) a sharp increase in the cost of its main raw material, ethylene, as a result of the rise in oil prices and (ii) the increase of 1% in total sales volume. Ultragas's cost of products and services, despite the reduction in its sales volume, remained unchanged in relation to the previous year, due to the increase in freight and fuel costs. Costs at Ultracargo increased by 24% in 2005, principally due to the higher volume of business activity.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) □ Ultrapar's consolidated EBITDA amounted to R\$ 546 million, down 26% compared to the previous year, and up 10% in relation to 2003. Oxiteno reported EBITDA of R\$ 300 million, 29% lower than in 2004, reflecting the effect of the appreciation in the Brazilian Real on the company's revenues and the sharp increase in raw material costs. Ultragas ended the year with EBITDA of R\$ 195 million, down 27% in relation to the figure of R\$ 269 million reported in 2004, principally due to the drop of R\$ 66 million in net revenues in 2005. EBITDA at Ultracargo amounted to R\$ 44 million, an increase of 9% on the previous year, basically due to the expansion of its operations.

Net Earnings □ Consolidated net earnings in 2005 amounted to R\$ 299 million, down 28% compared to the previous year, basically as a function of reduced EBITDA. When compared to 2003, net earnings were up by 22%.

Financial liabilities and debt □ Ultrapar ended 2005 with a gross debt of R\$ 1,432 million, representing an increase of R\$ 881 million on the previous year, and a net cash position of R\$ 191 million. The increase in debt reflects two important funding operations carried out during 2005 □ R\$ 300 million in debentures and US\$ 250 million in notes in the external markets. As a result, the structure of the company's debt ended up consisting of 41% in local currency and 59% in foreign currency, extending the average duration from 1.4 year in 2004, to 4.9 years in 2005. As of December 31, 2005, the weighted average cost of debt in local currency was the equivalent of 86% the CDI rate, while that of the foreign currency denominated debt was 6.8% above exchange rate variation.

OUTLOOK

The successive base rate reductions begun at the end of 2005 have signalled prospects for a pickup in the domestic economy, which could benefit the operational performance of the group's companies in the domestic market. Ultragas began the year with an ambitious program of cost and expense reductions and a project to review the structure of its distribution logistics, focusing on improving its profitability and maximizing free cash generation. For the chemical business, we began 2006 with a major investment plan, focusing on organic growth. We will make significant progress in the construction of the new fatty alcohols plant □ the first in Latin America, comparable to the largest ones in the world and using renewable raw materials □ adding 100,000 tons to production capacity and increasing our competitiveness in the markets for cosmetics and detergents. We are also increasing our production capacity for specialty chemicals and ethylene oxide, which will enter into operation at the beginning of 2007 and 2008, respectively. At Ultracargo, the start-up of operations at the Santos Terminal and the expansion project for the existing terminals should strengthen the company's outstanding position in the provision of integrated logistics services for special products, principally at the major export ports. We believe that these initiatives will be instrumental in allowing us to continue firmly on our growth path. Finally, we would like to thank all those who have helped to build another year of solid achievements, replete with challenges and important conquests for the company.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Ultrapar Participações S.A. and Subsidiaries

*Financial Statements for the Years Ended
December 31, 2005 and 2004 and
Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Management of
Ultrapar Participações S.A.
São Paulo - SP

1. We have audited the accompanying individual (Company) and consolidated balance sheets of Ultrapar Participações S.A. and subsidiaries as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity (Company), and changes in financial position for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Companies; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Companies' management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Ultrapar Participações S.A. and subsidiaries as of December 31, 2005 and 2004, and the results of their operations, the changes in stockholders' equity (Company), and the changes in their financial positions for the years then ended in conformity with accounting practices adopted in Brazil.
4. Our audits were conducted for the purpose of forming an opinion on the financial statements referred to in paragraph 1 taken as a whole. The individual and consolidated statements of cash flow are presented for purposes of additional analysis and are not a required part of the basic financial statements, prepared in conformity with accounting practices adopted in Brazil. Such information, prepared under the responsibility of the Companies' management, has been subjected to the auditing procedures described in paragraph 2 and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, January 31, 2006

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Altair Tadeu Rossato
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004
(In thousands of Brazilian reais - R\$)

	Company		Consolidated		<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>
	2005	2004	2005	2004	
<u>ASSETS</u>					
CURRENT ASSETS					CURRENT LIABILITIES
Cash and banks	90	321	32,714	41,280	Loans and financing
Temporary cash investments	359,626	1,932	1,218,210	517,099	Debentures
Trade accounts receivable	-	-	343,328	369,302	Suppliers
Inventories	-	-	191,749	210,350	Salaries and related charges
Recoverable taxes	8,984	921	62,931	72,999	Taxes payable
Deferred income and social contribution taxes	87	126	21,969	26,935	Dividends payable
Dividends receivable	73,302	88,242	-	-	Income and social contribution taxes
Other	422	21	8,608	12,788	Deferred income and social contribution taxes
Prepaid expenses	536	-	8,793	5,538	Other
	<u>443,047</u>	<u>91,563</u>	<u>1,888,302</u>	<u>1,256,291</u>	
LONG-TERM ASSETS					LONG-TERM LIABILITIES
Long-term investments	-	-	372,692	38,754	Loans and financing
Related companies	14,409	57,094	3,706	3,136	Debentures
Deferred income and social contribution taxes	2,849	2,561	60,991	36,339	Related companies
Recoverable taxes	11,734	10,494	46,777	36,552	Deferred income and social contribution taxes