

Operator:

Good afternoon, ladies and gentlemen. At this time we would like to welcome everyone to América Latina Logística's 3Q results preview conference call. Today with us we have Bernardo Hess, the CEO; Sérgio Pedreiro, the CFO and IRO; Paulo Basílio, Vice-President of Technology and Services; and Rodrigo Campos, Controller and Investor Relations.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After ALL remarks are completed, there will be a question and answer session. At that time, further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

We have simultaneous webcast that may be accessed through ALL IR website, www.all-logistica.com/ir. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of ALL Management and on information currently available to the Company. They involve risks, uncertainties and assumptions, because they are related to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of ALL and could cause results to differ materially from those expressed in such forward-looking statements.

We would like to remind you that this results preview still subject to be revised by auditors.

Now, I will turn the conference over to Mr. Bernardo Hees, who will start the presentation. Mr. Hees, you may begin the conference.

Bernardo Hees:

Good afternoon. Thanks for the interest in ALL. We actually are releasing our unaudited results preview of the 3Q, as we already have the material from the notice to the market that we did last night. So I think that is a good opportunity for us to explain a little bit what happened in the 3Q, why we think we have a very positive result showed during this quarter, and how we are seeing the prospects of the coming months.

As you can see through the presentation, on chart two we have the main highlights of the results. In a very tough quarter, on our grain side of the business, we again the strong fundamentals of our business; every time we have lower volumes we gain significantly in market share and we are able to not only cut costs, but also to have the take-or-pay receivables from our commercial agreements, enable to gain in yield as you could see in this 3Q.

So, we increased our EBITDAR by 13%, our EBITDA growing over 17% in the 3Q, having a position of the nine points that we consider very positive for our plan of the year. Our consolidated EBITDAR increased 18%, reaching over R\$980 million, and our EBITDAR

margin already reaching 52% in the 9M08. Our EBITDA grew 25.6%, and the margin reached 45.4% in the 9M08.

The positive of the quarter actually is the average yield, which increased 7.6% during the quarter, making our revenues grow 17.3% in nine months. In the 3Q our revenues grew a little over 10%, to R\$770 million, and the yield increase reflects actually a combination of factors.

First of them was the pass through of the diesel that happened, as you remember, at the end of April, and we have a full quarter to notice that in the 3Q. The second is the take-or-pay agreement that I already mentioned, that was received by not having the volumes. And the third is the strong recover of Argentina, that had a very poor 1H and that we do not have strikes from the farmers, or any other interruptions of our rail lines. We are able to have a strong volume quarter in Argentina, and also pass through of the diesel increase that happened in Argentina, and that was positive.

The weak part of our result was actually our volume growth in Brazil that actually has a small decrease in the quarter. On consolidated terms we have a very small, almost flat volume, and that is due actually to the build-up of storage by the farmers that decided to store the crop season, and actually to store as well part of the soy bean season. And the reason they did that is because they believe that they will have better prices in the future, and also because Argentina came to the market very strongly after being out of the market by almost six months.

So there is a shift in seasonality during our year. What we normally see in the 3Q we should see in the 4Q, and what we normally see in the 4Q, which is weaker volumes or so, we are not going to see it (...) It is only a shift in the seasonality of the grain side; our industrial business continues to perform every quarter growing strongly.

As you can see, the model, as I mentioned before in the beginning, chart three I think make the things quite clear; the ports we serve, comparing 2008 with 2007, lost 33% in grain export during the 3Q, and we were able to lose only 3% gaining significance in market share. In every port we have a significant gain in market share: Santos reaching over 60% for the first time, almost 90%; São Francisco 94%; Rio Grande, 82%; and combined ports reaching over 70% of market share. That is quite significant.

And the reason we expect the corn is going to begin to be shifted – it is already starting to be shifted during the first weeks of October – is because if you go to the Central-West of Brazil, and I have been traveling, talking to farmers and seeing our clients, all the storage facilities are completely full with soy beans and corn. And as they are already planting for the next soy bean season that starts in the end of January, beginning of February, they all tell me the same, that they do not have space in order to store the new crop if they do not start to sell. So all the inventory that they build up during the 3Q, we really expect that they are going to be selling every week in a stronger basis.

But I think this chart on page three is actually a good example of our business model, of gaining market share every time we have a down turn in the market scenario, in the grain scenario, and I think we did a good job in gaining, and taking every commercial advantage

that we could, and did a good job on the yield side, by not only gaining on take-or-pay, but also gaining from the pass through in diesel and yield increase in Argentina. That summarizes what has been the 3Q on the grain side.

On page four we just summarize the good quarter we had in Argentina. We grew almost 13% in volumes. As we have remembered, the Congress rejected the increase on grain export and a strike was lifted at the last week of June. So, we had the whole quarter in order to perform and our EBITDA increase 84.3% pushed by strong yield increase not only with a pass through of the Argentinean inflation but also by the highest diesel prices that had been practicing by the trucks in Argentina.

We still do not have a positive year even in this quarter because of the poor scenario that we had in the 1S; so, our volumes decreased in nine months by 1.3, and our EBITDA is lower by almost 15% during these nine months in Argentina.

That I think explained what has been this different quarter that normally we do not have on the 3Q, but we consider to be very positive by the gains in yield that we had, and actually by capturing all the markets we had by gaining some significance in market share.

On page five, with all this market that has been very turbulent in the recent weeks, there have been a lot of comments about ALL, which we do not know where that came from, actually. What I can guarantee to all the people is that, first of all, we have a very solid financial position; we have over R\$2.5 billion in cash today. We also took advantage that we had a lot of new financial captures that we did in the first eight months of the year, not only from BNDES and from commercial banks, and also from funds like the FI-FGTS, and other funds that gave us a very solid and positive financial position.

Second thing is that we had – as you already know, by policy – no exposure to any foreign exchange risk. No debt linked to –100% of our debt linked to local currency, it is held in Reais. We have no exposure to USD or any other foreign currency. We only have a hedge of our Argentinean position equity and finance term as Peso and Reais had. That is a small position, because our equity in Argentina is small compared to the whole business; it is the only position of hedge position we have that we hold today, and we are going to continue to hold all the exposure we have in Argentina to not be affected by the Peso/Reais fluctuation.

The third thing to be mentioned is that if you see our – we do not need to access the credit market for the next coming years. The amortization schedule we have is again already with no effect for us given the cash position we have, we are going to be having to pay about on average R\$350 million per year in the next two years. So, we do not have a need to access the capital market in the forthcoming years.

And the last point to make on a balance sheet chart is that we are a logistics provider, we run a railroad. We do not have any leveraged or unleveraged derivative instruments, we actually are quite conservative in financial terms and are going to continue to be so. What we actually know how to do is to run an operation and to gain every year by growing with our clients, by capturing volumes to the system, by providing logistic services, by running a railroad. That is actually what we are good at.

So, if we are going to continue to be good at that and we are not going to change our objective and we are not going to be using any instruments by derivatives in any service, not in good times, not in bad times. Again, by policy.

That being said, on chart six, I just summarized another point: we are not changing our volume guidance for the year; we are expecting a very positive and strong 4Q given that the corn season is very positive, the soy bean season is very positive, and the cargo is there; at some point in time it is going to be shipped and we want to take advantage of that by shipping by rail. And also, we are maintaining our CAPEX guidance within R\$700 million, it is not going to be over that in no way. It is going to be R\$700 million tops, maximum.

We are also preparing for next year's growth plan as usual. We already purchased 50 locomotives, we already have 600 rail cars that have been ordered by our clients for next year. We are probably going to be closing new ones, and our plan in order to grow 2009 continues to be the same, as we have the same policy scenario by gaining market share, as I already mentioned in the past.

And also, a lot of things have been said about the crop season of next year and so; if you travel to Mato Grosso, Rio Grande do Sul and other areas, you are going to see that the farmers are already planting. First, because they have a lot of fertilizer inventory that they built up in the 1S. Second, they actually are quite well capitalized by the last two crop seasons that have been quite positive. So, they have some money and they have the corn in order to sell and capitalize in order to plant more.

And also, the Government is already taking place of the tradings that are actually financing less than they used to do it in the past. The Government is already taking this place, so we really do not believe in a weaker crop season, unless something happens to the weather. But the expectation we have with the weather so far is actually better than we had this year, not only in the Center-West but especially in Southern Brazil, in the Rio Grande do Sul area.

So, our expectations for the crop are, again, positive from the grain side, and on the industrial side we are going to continue our story of capturing market share, as we are already doing this year.

I think that summarizes this 3Q results review that we are presenting today that, as I said, we are very pleased to be presenting these results in this so difficult scenario on the grain side in Brazil. I think we did a good job, not only in capturing market share but also gaining yield in order to support this EBITDA growth that we are presenting today to the market.

With that, I pass to Sérgio, who is going to be commenting the graphs of the finance, and he is going to open up for questions at the end. Please, Sérgio.

Sérgio Pedreiro:

Thank you, Bernardo. Continuing on page number seven, consolidated gross revenue increased 17% year over year for the nine months driven by the factors that were

presented by Bernardo, a very strong recovery in Argentina, good yield increase partially because of take or pay revenues in the pass through of diesel.

On page number eight, EBITDA increased by 19% and the EBITDA margin expanded 50 b.p. Also very positive, very good performance in a difficult scenario, which is very unusual for the 3Q but, I mean, that is the reality that we are facing in the market. We were able to increase EBITDA and sustain a good margin expansion.

And on page number nine, before we open for questions, just to highlight an even higher growth on EBITDA, 26%, and a larger margin expansion. Just to remember the reason for that is we reduced the rental car expenses in 2007, we ended up buying cars that were rented from our clients that was a very expensive rental agreement that we had; and after the acquisition of Brasil Ferrovias we ended up renegotiating those agreements and buying those cars, reducing our rental cost and that is the reason why we see EBITDA growing even faster than EBITDA and a very good margin of 45%.

That is where we stand for the nine months, we remain confident for the year in being able to reach our guidance. And we open for questions that you may have.

Ivan Fadel, Credit Suisse:

Hi, gentlemen. Well, my first question would be the take-or-pay contract, if you could just tell us in more details on how it works exactly. One scenario is that if you have any take or pay from your corn producers and they do not move the corn that they have been building up in their storage areas within this year, then will they have to pay you? And then if they want to move in the next year, will they have to pay you again? Or how can you – I understood that you said also that you had already seen in October volumes coming back to the railway, so is this something that you are fully confident that with this level of FX rate they will take advantage and come back in full or there could be still over to 2009?

Bernardo Hees:

Thanks, Ivan. It is a good question. I am going to ask Rodrigo to comment on the financial figures, but before that let me just explain how it works. Actually, the commercial agreements we set – remember we always set between December and January normally, and they hold for a year. So, I had the commercial agreements until December.

And in part of them they had monthly take or pay volume terms, so when they do not deliver that they pay take or pay. That is exactly what happened in the 3Q.

If they continue to build inventory, they are going to have take or pay until the end of the year, and if they start moving in January, I really do not believe in that scenario – and we are not seeing that, actually – it is going to be a new contract, they are going to be paying a new tariff and going to start a new contract for a new take-or-pay agreement. So, this contract ends on December and we are going to be setting a new contract for January or so.

So, the volumes need to perform until the end of the year, and there are some contracts that they have to perform on a yearly basis; so they are going to be moving the volumes now in order not to have take-or-pay problems. It is not that they cannot compensate next year, they cannot do so.

Ivan Fadel:

OK. So, do you have any idea of how much of those corn producers there might be piling up inventories right now or they did, actually; do you know how much of them are tied up in take-or-pay contracts?

Bernardo Hees:

Actually, all the tradings, we had 80% of our volumes set on contract terms. Remember that from the beginning of the year between 75% and 80%; at the end of the 1Q we went up to 80% of our capacity. By doing so, we have all the tradings and all the main producers of corn have take or pay with us and they have contracts of volumes with us. So, what we should see, actually, is how much volume is still going to come from Mato Grosso in order to give be exported.

What is going to be the corn producers of Brazil, how much they are storing and when they are going to be shipping. We actually do not control that; what we know that they are going to be needing to ship in order to open storage capacity for the new crop season that is coming, and they know that. So, what they are doing actually is already, as I mention, if you see in the last week of September and the beginning of October, every week is getting a little stronger and that is a good sign that they are already moving the corn. I think it is going to be even stronger than it is today. But it already started the movement.

That being said, I really think that is not a very likely scenario that a lot of the corn is going to pass to the next year; probably part of the corn and part of the soy bean is going to be shipped during January, probably yes. But we are going to have a very positive 4Q.

Ivan Fadel:

OK. Thank you, Bernardo. And if you allow me one additional question, this year what we saw in Santos port in terms of general volumes and your volumes and the market share that you gained, it was a similar effect than what we saw back in 2005, although it was a different situation, much different. We saw in Rio Grande when there was the harvest break and then you have been able to grow and basically capture 100% in market share in Rio Grande.

So, clearly the business model has been tested again and it is very clear for the cultural commodities that you are able to quickly grab market share and you have a cushion protecting you from variations in the market. But can we draw a similar analysis for your industrial segment? That is, if we see the economy slowing down in Brazil, a hypothesis, and maybe new projects for your own industrial clients are postponed, do you think that also in the industrial segment you can have a quick market share gain, or in that segment

the elasticity or the truck components or other logistic solutions are more preferred in those situations? How do you see that industrial segment?

Bernardo Hees:

First, Ivan, on a comment: you are right about the business model in comparing to the severe draw that we had in 2005 in Rio Grande do Sul; but I think the scenario we have today is actually much better because the corn is there. In 2005 we actually did not have the soy bean because of the USD. Now we have a shift in the quarter, but the corn actually is stored, the cargo is there and that is much more positive than the scenario we had in 2005.

But you are right on your comments, comparing that in those scenarios of a down turn on the market scenario you can see that our business model works by gaining significance in market share. On the industrial side, as I mentioned, I think it works even better, and the reason I say that is, first of all, our market share is lower. And second, once the industrial client starts moving by rail, it is very rare that he changes again, because there are a lot of benefits by not dealing with a lot of independent truckers and the export market and so.

So, I think the cost on the industrial is actually to shift on the first time. Once he does so, it is very rare we see, we lose a client because of that. I think if we imagine the GDP of Brazil going down and so in a very negative scenario, I think we are going to be more affected on the price term than on volume term. From volume term, I think we should be able to gain market share on the industrial as well as on the grain.

What is going to happen if the GDP goes down and probably we are going to have more trucks available and we are going to have more pressure on price terms.

Ivan Fadel:

Understood. OK. Bernardo, very clear. Thank you very much.

Nick Sebrell, Morgan Stanley:

Hi, Bernardo. I want to follow just a little bit on the take or pay. So, you are saying that if they do not take this quarter, obviously they pay the fixed cost and what not. Is there any refund possible or anything that might make yields look a little bit weaker when they do move the corn and the crops in the 4Q, or whatever they are moving? That is the first question.

And the second question is if we go forward to the end of the year and we look back over the year and the traffic was weaker than 12%. What do you think happened? I mean, is there a possibility that either (a) it just does not move? Or (b) conditions weakened to the point where traffic does not hit 12%? What scenario is that?

And then third: since you are talking to all the far worse than kind of curious of what they are saying I understand the government is stepping in to provide credit but let us say this credit is more expensive in general fertilizers are more expensive and Reais can then

create cost inflation in the other areas; is it possible that we see a crop next year that is significantly weaker than this?

Bernardo Hees:

Thanks Nick the first part of your question, they cannot compensate. The targets we have on price and volumes are yearly set, so they know they need to perform until the end of December. So, what is going to happen actually is that during December --starting on the 2H of November and going up to the 1H of January normally – we set new agreements with our clients. Those 60 days are normally where we set, I would say, over 90% of our contracts.

So, they know that they have the 1Q some clients in order to perform the contracts they have, and all of them – and I have been talking to them actually very closely, not only because we have a good relation with our clients, and they have been supporting us for so many years – are actually very positive. They saw the movement, the farmers building inventory, and so they saw the movement of grain prices going down and so, and they think the farmers are going to be selling now in their going to be moving. They are not to worry about the 4Q because the grain is there.

Normally we get more worried when we do not have the grain, like the crop season is very bad or something happens; that is not the case. Here is the case where the crop is there, the corn and soybean are there; the fertilizer is at the port ready to be moved. So, with that scenario is much more a question of time. They actually believe very strongly that the movement on the 4Q going to happen, and we are actually counting on their plan and are working together in order to make that happen. But they cannot compensate.

In your scenario, if for some reason they keep building inventory – they cannot build more inventory because they do not have where to store it, but if they do not move for some reason, what I think is very unlikely – what is going to happen is that we are going to have a 1Q stronger than ever.

Nick Sebrell:

OK.

Bernardo Hees:

That is what is going to happen because they are going to be moving, the corn is going to be there. So were going to have a January that is very, very unexpected for us. Normally January it is still low season, like November and December. I think we are going to have a November or December and January much stronger than we had, because he had actually a 3Q that was weaker than expected, and the grain is there. That answers your second question, right?

Nick Sebrell:

Right. So, there is no scenario where it makes sense for them not to ship it and to do something else with it, whether it is – I do not know what else, sell it internally, I guess.

Bernardo Hees:

No. Because you do not have internal consumption in order to serve. They already serve the companies that buy internally, like Sadia and Perdigão. They are already full with capacity. If you see their inventory, they have corn for a year. So they are going to be shifting. And the answer is the exchange rate they are facing today, even with the drop prices in Chicago, the exchange rate is very attractive right now.

Nick Sebrell:

And what about cost pressures?

Bernardo Hees:

Well, the farmers I talked to in the tradings continue positive about the next year. They think what properly is going to happen is the expansion of area is going to be moderate. The government is talking about between 1% and 3%; maybe it is going to be more on the low bottom of that. But remember, the farmers are very capitalized by the two years that they earned very good money.

Second, farmers and producers are not like industrial clients, they cannot shut down factories for six months or three months or a year. They do not have it to do with the land, they need to plant. If they do not plant, they have their fixed costs that are incredibly high, all the tractors that they bought, or the storage that they built and so. So, they are going to be planting. The question is they can be earning more money or less money, and when they are going to be selling. But they do not actually have what to do with the land that they already own.

So I think a scenario that they are going to be planting less than the plant this year, I really do not buy it. What they are going to have, actually, is they already bought the fertilizer for the year in the 1S, and they took the advantage of the exchange rate being between R\$1.60 and R\$1.80. So they have that; just the cost is in Reais term, or is more related to diesel passed through and what is going to happen to diesel and Saul.

So, the pressure they are good to have on costs, I am not seeing that. The tradings have the advantage that the ship costs have a much lower tariff today than they had six months ago. So, I actually think that they are going to have a lower cost next year to plant than this year. The main question and the main question mark that we can have is how they are going to finance. And the Government is stepping in and providing, already has a package for R\$5 billion, they are saying they are going to have a new package for another R\$10 billion in order to serve the agriculture.

I think the tradings are not going to be financing like last year but are going to be financing somehow at least half of the position they did, and the farmers are quite well capitalized already. So, I really do not believe in a scenario where the farmers are not going to be producing with the land that they have.

Nick Sebrell:

All right, Bernardo. Thank you.

Vanessa Ferraz, HSBC:

Hello, everyone. Can you please quantify how much of the revenues were linked to the actual volume transported and how much was linked to the take-or-pay contracts?

Bernardo Hees:

We have almost 80% of our volumes in take-or-pay contracts. If you are asking what the amount of the take or pay revenues we had in the 3Q, it is about R\$10 million in take-or-pay revenues.

Vanessa Ferraz:

OK. Thank you.

Keith Porter, CPD Capital:

Gentlemen, thank you for this call. I have two questions that I think are pretty simple; first of all, in terms of your take-or-pay contracts, is there any significant concentration in clients and therefore any counterparty risks should they not actually be able to honor those contracts?

In this second thing is, on the funding side, are you guys under any pressure to fund any of your clients, any form of vendor financing?

Bernardo Hees:

Thank you for your question. The first part, we actually do not have a concentration; 100% of our contracts are under take-or-pay agreements with actually all the grain clients and the industrial clients. So there is no concentration in that sense. Most part of the clients are actually well known multinational tradings, like Cargill, Dreyfus, ADM, Bunge; Brazilian ones like Maggi, Caramuru, and others. So, there is no concentration in that sense.

The second part, the answer is no, we are not suffering any pressure from clients in order to be capitalized or asking for help. We are actually not seen that; not on the industrial side, not on the grain side.

Keith Porter:

That is great. Thank you very much indeed, gentlemen. Thanks again for the call.

Luiz Pinho, Schroeders:

Hello, everybody. The first question is related to the volumes in the industrial segment; it is written here that ALL has transported a volume 3% below year over year. And I assume that this is related to agricultural volume. In the consolidated Brazilian numbers you have -1.3, so I am assuming that the volume in the industrial was not that good. Are there any specific reasons?

Bernardo Hees:

The volumes in industrial have been growing in the same pace; we did not release that number but it is a growing on the same pace we had in the previous quarters. What happened is that agriculture is more than 70% of the total volume, so the mix is very pushed on the grain side. But in industrial we grew in line with the past quarters.

Luiz Pinho:

OK. The second question is: if you scenario materialized and farmers transport the cargo in the 4Q, we should expect a margin compression, right?

Bernardo Hees:

Why are you asking that?

Luiz Pinho:

Because you probably would not receive the revenues that were booked in the 3Q, you will not receive it again and you have to incur in costs in the 4Q, right?

Bernardo Hees:

No, what happened is that we have a good margin on the 3Q and we should have a good margin in the 4Q as compared to the 4Q of the previous year. So, when you take price under contract, you are basing on a 4Q basis, so it should grow as compared to the 4Q. And in spot market there should be much higher volumes than it used to be, so you should have some pressure on the spot market price that it usually is in the fourth quarter. So, the margins should be good as compared to the 4Q of last year.

Sérgio Pedreiro:

Hi. Let me just clarify what I think is important, what we are showing and booking as a take-or-pay revenue for the third quarter is only for the minority of the take-or-pay agreements that are settled monthly. What happens for most of the take-or-pay agreements, the settlements are in December, and they are allowed to compensate within

the year and there is a financial settlement in December. This for most of the agreements, with some exceptions.

We do have some agreements that we settle every month and that the source of the small amount of take-or-pay agreements that we have in this quarter. So what is booked for the 3Q is the take or pay agreements that are definitive. What we should see on the 4Q is the cargo being moved and therefore not having a lot of take-or-pay revenues in the 4Q. And if for any reason the cargo is not moved, then we are going to have take-or-pay revenues in the 4Q.

Luiz Pinho:

OK. I see. And the last question, suppose we have an economic slowdown - – well, we will probably have in the next years – do you expect the level of take or pay compared to the total volume to reduce in a significant way as compared to the current 80%?

Bernardo Hees:

That is a good question. Actually, I do not see that because the way it is established – why do they want to have contracts intake or pay? Because it works like an insurance for them, because it secures the capacity of the rail in order to move. Because being on the spot market, 100% of their volume is quite a gambling step to be taken.

So, I do not see, there is no point for us to have a contract without take or pay. So they know that we are going to have and they want to have a contract with us for part of their volume. So, I do not really see a big change in that scenario of clients not willing to have contracts with us.

Luiz Pinho:

OK. Thanks a lot.

Bernardo Carneros, Deutsche Bank:

Hi everyone. My questions were already made, so I have no questions now. Thank you.

Max Maximiliano, Bradesco:

Good afternoon, everyone. My questions have been answered as well, but just to follow up on the take-or-pay contracts. If you guys could give us a more color, just trying to understand here. Let us assume an economy slow down as well; is there any special clause or something like this in order to review prices in a yearly basis or something like that; just trying to figure how the dynamics of the contracts work.

And if you guys allow me a second question, based on the CONAB numbers, yesterday's numbers, which are very positive on the soybean front, talking about corn, how do you guys expect to offset that? Are there some other projects underway? Do you think those projects are to offset the loss in terms of corn volumes? That is it. Thank you very much.

Bernardo Hees:

Thank you, Max. On the take-or-pay agreements, that is why we actually closed during that period, between the 2H of November and the 1H of January, because we and the clients already have quite a clear picture of the next crop, because we are already almost there. So, no, we do not have; when we set for the year, we cannot not serve them and they cannot not provide the volumes, they are set for the year. So we do not renegotiate the contract within the year. So there is no way out in that sense. This talking about the grains.

Talking about industrial, there are some differences because there are some contracts that are longer term, like 10 years, 15 years, with a set of adjustments in price by inflation, diesel, and so. So, it is a different market dynamics. But on the grain, no. Once you are set for the year, it is done.

The second part of your question, which is about the CONAB numbers, I saw that as well. It is still premature to see what is going to happen at the CONAB scenario, if the farmers are going to be planting more soybean and less corn. What we have been seeing, actually, is that the farmers prefer to have a mix and not take risks off the price of Chicago, like to have soybeans and right after the soybeans have a small crop of corn, what they called “safrinha”. That is how it is called in Brazil.

In what we have been seeing in the last years, maybe that is going to happen; we are going to have more soybean and less corn. In our case, it is not too different because it is the same railcar. So, we are going to have more soybeans that is going to go through August and September, less corn. Corn is going to be more in the 4Q. It is going to be more similar than last year; last year was more similar to that. This year we have more corn, a little less soybean. It is not going to change our commercial strategy. I do not know if I answered your question.

Thomas Boyle, Deutsche Bank:

Hi. I just wanted to see if you are seeing any pressures or concerns in these pretty tight credit markets of some of your customers, Bunge's etc of the world having problems securing railcars, which in turn you need to fuel your growth going forward. Thanks.

Bernardo Hees:

Thanks. Actually, we already closed 600 and we are going to be closing, between refurbishing and new, 600 and 800 railcars on that range of additional. Remember that those financings are 80% BNDES; so BNDES already has an automatic line in order to produce railcars. That did not change at all. In the other 20%, they normally use their cash or they have some financing, like Mitsui and other different banks that are still financing that because of the guarantee they have in real terms. So, I would say that actually again, because BNDES is almost the total of this finance for the railcars; I really do not see that changing.

Thomas Boyle:

OK. Thank you very much.

Bernardo Hees:

We have a question from Ana of Block Partners. Could you, please, give us a breakout of revenues into intermodal, agro-commodities, and others?

Breaking into type of cargo, we have agricultural, which is 70%, and industrial, which is 30%. And if we break into a modal, we have pure rail with 75% of the revenues, and intermodal with 25% of the revenues.

Sarah Delfim, Merrill Lynch:

Hi, Bernardo. Actually I have two questions. The first one is about Argentina, if you could give us an update of the operations there in terms of volume and also price increase in Argentina, if it is sustainable or if it is just in the short term. And the second question is about the CAPEX, if there is any risk of higher than expected CAPEX for this year in light of the FX volatility. I do not know if you have some CAPEX denominated in USD. So, that would be my question. Thank you.

Bernardo Hees:

Thanks Sarah. On Argentina we mentioned before about the positive 3Q. And foreseeing we actually think the pace of agricultural export and so on is not going to be as strong as the 3Q because they have so much inventory built during the strike period of the 1S. But they are going to be growing, and if another strike does not come by... we can never guarantee that in Argentina, actually. But we are not seeing that happen actually. So, I think we should have a normalized operation actually performing much better than 2007 much better than 2006 from a poor operational standpoint.

I would say it is the best year from productivity terms that we achieved in Argentina; it is not reflected on the volumes because the problems we faced during the 1S. On the price side, a lot is going to depend on what is going to happen to the diesel in Argentina. The diesel in Argentina adjusted quite significantly; it went from about – just to give you an idea – from P118 per liter to about P250 per liter.

And we took advantage of that and now the government is fixing the price at P250 and not allowing the market to behave on a normal term. We do not know what is going to happen on that side, but what I can say is that if the trucks react in Argentina we are going to be very close to that and taking advantage of that shift; and also all the pass-through of inflation of real inflation in Argentina is also going to happen to our yield what part already happened in the 3Q.

You had a last...

Sarah Delfim:

OK. Thank you. And now about the CAPEX.

Bernardo Hees:

The CAPEX, sorry. On the CAPEX side, no, there is no risk. We are going to be within the guidance we gave of top R\$700 million, especially because we already did all the growth in the capacity assured for this year, and we are going to be within the same range for this year and for next year.

Sarah Delfim:

OK. Thank you.

Leonardo Bardese, Liquid Asset:

Good afternoon. Both my questions have been answered, but in order to clarify, you said in your preview here that your volume, your guidance is maintained, it should grow in volumes from 12% to 14% because of shifts, export volumes have shifted from the 3Q to the 4Q. I would like to know what the main reasons are for that and if I am right, producers have raised inventories in order to wait to speculate for higher commodity prices that have been plunging lately. And the second thing is: you said you did not expect the volumes of the crop to decrease in the next year even though the commodity prices have been declining fast.

Bernardo Hees:

In terms of the reasons why they are holding the storage on the countryside, as you mentioned, the first thing is that they are very capitalized. You would not see the situation two years or three years ago, when producers were not so capitalized. This is the first thing. The second thing was that the commodities prices went down and they just waited to better commodity prices and exchange rate, but I do not know if it was a good or bad decision, but it is just a matter of time as they must export this cargo as the storage capacity must be clear for next year crop.

And your second question, sorry Leonardo?

Leonardo Bardese:

My second question is regarding next year's volume. You said previously that you did not expect a decrease in volume for next year even though commodity prices have been declining fast. Is that right?

Bernardo Hees:

Yes. On the crop side we are seeing some growth in planted areas and some good perspectives for next year's crop. And our guidance for next year is 12% to 14% growth, if you are asking specifically about ALL volumes.

Sérgio Pedreiro:

Also, Leonardo, because you remember, as I said before, the farmers are quite capitalized and they are finding new ways of financing their production, and they do not have much to do with the land. It is not like a factory that they can shut down for a while and wait; with the land, if they do not plant they have a quite significant fixed cost that is already there, that they do not have actually what to do.

So, we do not see really a question of not planting. The question that we are more focused on and I think the Government is doing a good job in that sense, is how they can actually find financing.

Leonardo Bardese:

OK. Credit is the main point?

Sérgio Pedreiro:

Yes.

Leonardo Bardese:

OK. If you allow me just a final question: regarding this shift in volumes from the 3Q to the 4Q, I would just like to know if you do have a projection, an idea of how much of this volume has been shifted from the 3Q to the 4Q. Let us say, if you presume that commodity prices were stable and all the other factors were stable as well.

Bernardo Hees:

I think it is hard to say. I think the best way for you to find that is to see the production of corn, the production of soybean in Brazil and see what not has been shifted yet. What is public data. With that, you are going to have quite a good sense of what is still their storage. What I actually mentioned before is a much better scenario than what happened to us in 2005. Because here we have the cargo, the grain is there in order to be shipped. It is much more a question of timing.

Leonardo Bardese:

OK. Thank you very much. Very clear. Congratulations on the results.

Operator:

At this time there are no further questions. I will turn over to Mr. Bernardo Hees for final considerations. Mr. Hees, you may give your final considerations.

Bernardo Hees:

Just to thank you all. We acknowledge the conference call was very short period of time. And I thank you for the interest in ALL and thank you for the interest in the conference call. Any further questions, please do not hesitate to contact us here in the Company. Thank you very much, good afternoon.

Operator:

Thank you. This concludes today's ALL 3Q08 results preview conference call. You may disconnect your lines at this time.

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