**Operator:**

Good morning ladies and gentlemen. At this time we would like to welcome everyone to the América Latina Logística 3Q10 earnings conference call. Today with us we have Paulo Basílio, CEO; and Rodrigo Campos, CFO and IRO, for ALL.

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's 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 a simultaneous webcast that may be accessed through ALL's IR website: www.all-logistica.com/ir. The slide presentation may be downloaded from this website; please feel free to flip through the slides during the conference call. 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 relate 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.

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

**Paulo Basílio:**

Thank you. Good morning, ladies and gentlemen. Thank you for the interest in ALL. I will start with the highlights in the quarter. Then I will go over the main the business that we have and then I am going to pass to Rodrigo to explain the financial figures and present the additional comments of the presentation.

Starting with the slides on the page two, we have our highlights of the quarter. The volume in Brazil was up 9.6% with a 15% growth in the agricultural commodities segment and a 3% reduction in the industrial part of the business. Here it is important to explain that we had a tough quarter in the industrial side of the business, mainly because of the impact that we have with the two-month interruption that we had in two refineries that we serve, REFAP and REPAR. Just to give you an idea, they represent 50% of all fuel volume that we transport and fuel represents 40% of the total volume in the industrial segment. Those interruptions were basically maintenance interruptions that happen after each six years.

Talking a little bit about the EBITDA, our EBITDA grew 8% the quarter, achieving R$1.1 billion, which is basically the total EBITDA that we had last year. The EBITDA margin was down 1.2 p.p. achieving basically 53%, 52.8%, in this quarter and mainly due to some mixed effects, mixed volume effects what we had in this quarter.

Just to explain a little bit these effects, the first was we grew agricultural volumes 15% in the quarter, but we view more in ports like Paranaguá and São Francisco do Sul, in the Southern ports than in the Santos port and in the route from Mato Grosso to Santos. So, we grew 32% in the routes in Paraná, to the ports of Paranaguá and São Francisco and 5% in our more profitable routes, from Alto Araguaia to Santos.

And the reduction in this route was basically made by weather conditions in the ports that we had, 15 days of rain that we had in the Port of Santos, which increased a lot the lineup of the vessels in that port. So it reduced a lot the capacity of the terminals in the port. Just to give you an idea, the average lineup in these terminals is around six, seven days and during this period was 30 days of lineup of vessels in the terminals.

And the second important mix effect that we had was the impact of the industrial side of the business, the POA of flows as I explained about the interruption in the refineries and in these flows we have higher margins than the other flows, the intermodal flows. And the third effect was basic the lower return cargo that we had in the period.

The third point, which is extremely important, our net income increased 134% achieving R$223 million in the year, as the net operating profit after financial expenses increased more than 300% achieving R$235 million coming from R$57 million last year, so increasing the profitability of the business.

So, with these volumes we had a negative impact of the mix and we increased the profitability of the Company when you take into consideration the net income that we had in this period.

Going to the explanation of the business, on page three, in the agricultural commodities the volumes grew 15% and we can break this growth volume 20% in front haul volume, following the huge exportation increase that we had in the 3Q and a 14% reduction in the back haul cargo. Here it is important to highlight the strong growth that we had in corn, 60% growth when we compare with last year, and sugar with 60%.

And taking into consideration this increase in sugar, we can break this growth down in terms of increased volume in the Port of Santos, with the Rumo project, but we grew a lot the volume of sugar in the Southern port, here in Paranaguá. So, we have a very good year in sugar and we are facing a very good year in sugar in our southern ports too.

Considering the huge exports that we had in the quarter, the market share that we have, we reduced our share in the ports to 68% on average and we had a reduction in all the ports we serve mainly because the huge growth of transportation that we had during the 3Q.

EBITDA in the 3Q was up 10% and the margin was 57%, 1.4 p.p. below 2009 because of this mixed effect that I explained, and in the 9M the EBITDA was up 10%, 10.2%, and the margin grew from 56% to almost 57%, actually 56.8% in this business.

Going to the next page, to page five, and to talk about the industrial segment, we had a tough quarter in the industrial segment with the volume reduction of 3%, mainly driven by the reduction of the volumes of the refineries as I said. These refineries represent 50% of the total fuel volumes that we transport and fuel is very significant in the industrial segment representing more than 40% of the total volumes of this segment. So this was the main impact that we had. Here, it is important to highlight also that the growth that we faced in the intermodal flows, of 16% in the quarter. When you consider the 9M, the intermodal flows are growing 20%.

And when we look at the EBITDA, the EBITDA decreased in this quarter 7.8%, but it is still increasing 11% considering the year. So, even with these effects that we had in the 3Q, we are still growing EBITDA 11% in the industrial segment in the 9M.

Going to the next page to talk about the highway services and Argentina operations, on page six. In the highway services the volume grew 26%, and here mainly due to three different volumes that we had, the automotive segment, the High Maltose operation and the White Martins distribution that we performed for White Martins. The EBITDA increased 107% in the 3Q, and the margin went up to 16%. In the 9M, the highway services volumes grew 18% and the EBITDA increased almost 9% to R$10 million in the year.

And in Argentina, the volumes increased almost 2%. We are still facing problems with blockages and discharges in terminals, but again, it has been possible to increase the EBITDA, our EBITDA in the country grew from R$2.6 million to R$8 million in the 3Q and in the 9M the EBITDA increased from R$3.6 million to R$17 million. Still, Argentina is very difficult to give or to have a very good perspective in the business there, even counting with the recent developments that happened with the country, but we are still believing in the asset and we still think that it is a very good asset then we still take into consideration the productivity that we have and the conditions that we have which is pretty much the same that we have during this year. And Argentina is still representing a very small part of our EBITDA and our volumes in consolidated terms.

So, that being said, I will pass to Rodrigo to present the financial numbers and make the additional comments.

**Rodrigo Campos:**

Thank you, Paulo. Thank you all. Going to slide seven, ALL gross revenue grew 10% on in the 9M ended in September 2010 with a 3% increase in the yield. On slide eight, we see our EBITDA growth, consolidated EBITDA growth of 12.2% from R$979 million to R$1.1 billion with a margin increase from 50% to 51%.

When we look at slide nine, we see our net income more than doubling in year over year, going from R$95 million to R$223 million and this is mainly explained by the EBITDA increase and by better financial results this year.

When you go to slide 10, we see our net debt EBITDA ratio. It increased from 2009 to 2010 from 1.8x to 2.2x and this is mainly a result of a higher CAPEX related to the construction of Rondonópolis project, the rail network that we are constructing from Alto

Araguaia to Rondonópolis. This is an additional CAPEX to our normal CAPEX which is going as planned, which was already projected and discussed.

I would make some additional comments which are in slide 11. The first comment is perspectives for the 4Q10 are very positive. I mean, normally the 4Q is a low season too in our agricultural business unit. And this year, exports in the 4Q, and it should be sustained that way, are strong considering that we had a strong middle-of-the-year corn crop which has sustained the agricultural exports in high levels. And at the same time, we had very good inventory levels in the soybean crushing plants which indicates stable soy meal volumes throughout the 4Q too. So, very good perspectives in agriculture.

In industrial, volumes in our fuel segment are normalized. As Paulo commented, we suffered punctually in the 3Q with the stoppage of REPAR and REFAP in order for them to do their scheduled equipment maintenance, but this was ended in September and volumes came back to normal in the 4Q.

A third point that I would like to mention is that we are reviewing our 2010 CAPEX estimate, we do not consider the CAPEX related to the Rondonópolis project, when we look only the CAPEX to sustain our organic growth, we are revising from R$700 million to less than R$650 million driven by some price gains that we had in the negotiations with the suppliers and also operational gains with this sustainable level CAPEX in our business to grow as we expect to grow in next five years volumes at least 10% a year.

When we go to our projects, as I said, our Rondonópolis project which goes from Alto Araguaia to Rondonópolis is going as planned, it is under scheduled. The Rumo project is also advancing, the project is already operational and in the 3Q we started to receive the rail cards and locomotive which comes from Rumo which is very good news.

And also, we keep working hard on the two structural changes that we have, one in the container segment and the other one in the iron ore segment and we expect to have one of these projects done in order to be released to the market in the 4Q.

So, that is what I would like to comment. I will give back to Paulo in order for him to comment on the expectations for next year.

**Paulo Basílio:**

Yes. I would like to talk about our expectations for the 2011 crop, we are starting to have some numbers here. We are very positive with the perspective that we are seeing, as Rodrigo said, not just in the 4Q but for the crop that we are going to have in 2011. The first numbers that we see is more than 18 million tons in Mato Grosso, Paraná with more than 13 million tons which is huge for us. It should be another very good year that we will have. We are talking here about Brazil soy crop of 57 million tons which for us is amazing.

Because of the weather conditions we are expecting to have some delay of 10 to 15 days in the harvest, but this will be more than compensated by the huge level of inventories that we are going to have by the end of this year and we are going to start the year exporting these volumes.

So, we are very proud with the soy crop to next year and with the corn crop in the middle of the year, because of the increase in the Chinese demand for these products and the prices that we are facing right now.

That being said, I will open to questions and answers this presentation.

**Debbie Bobovnikova, JPMorgan:**

Hi. Good morning, Paulo, Rodrigo and Gustavo. I have a couple of questions. I wanted to start off on this container project. You made a presentation in your Investor Day a couple of weeks ago about the project, and I think you were still very bullish about announcing it officially by yearend. I just wonder if you could give us a quick update on how that project is going. Have you selected a partner already to help you aggregate the volume even if you are not ready to disclose yet who that partner is to deal, but do you already have one in mind? And also, can you just give us a sense of what other key hurdles that you will need to clear before you are ready to announce the project officially? Thanks.

**Rodrigo Campos:**

Debbie, unfortunately we cannot give too much details of this project at this point. What I can tell you at this time is that we are working hard on that. We keep advancing. We will not release anything before having a clear and robust project that we will be sure that will be a very successful one, and we are really on this track to be able to release something still in 4Q.

Unfortunately, I cannot give too much details on this front more than what we gave to the market, and you know that the model that we want to replicate here is the same that, for example, we have in the United States, where the major part of the containers is transported by the rail system, capturing the cargo on the countryside, having strategic places and terminals to consolidate the cargo on the countryside. That is what we could or we can say at this point.

**Debbie Bobovnikova:**

So do you still think that there is a chance that it could be officially announced by say yearend which is about a month-and-a-half away?

**Rodrigo Campos:**

That is our view.

**Debbie Bobovnikova:**

OK. Great. And then a question on another issue, on your working capital, we have seen that your working capital balance is negative, but it is a negative balance that continues to diminish. So basically you are using more working capital internally, and I am just wondering, I have not seen levels this negative lower levels since I think about 2004 or

2005. What can you expect for working capital going forward?

Do you think that you are going to be going back to your 2008-2009 levels? Or is this now the new normal level for the Company, basically being more kind of working capital neutral? And if so, is there any offsetting effect on your interest expense line?

**Rodrigo Campos:**

Actually, Debbie, in terms of working capital, when we look ahead, when you these past months and these past quarters, you are right in terms of our working capital, we have reduced a lot the days of payments mainly in the acquisitions that we did in terms of CAPEX, which we saw a strong opportunity in terms of pricing, in terms of reducing the days of our suppliers, but I mean this had an impact this year in terms of CAPEX.

So we had a reduction, a real reduction in expenses, and taking from now you should not expect more losses related to working capital. This process is done, I mean we do not carry anymore effects like that. We should be keeping with the same days we are doing right now so we should not expect more losses related to working capital in our cash flow.

**Debbie Bobovnikova:**

Thank you, Rodrigo.

**Rodrigo Campos:**

And sorry, your second point?

**Debbie Bobovnikova:**

I think you answered that. I mean, I was wondering because you were decreasing the days paid to suppliers. I thought maybe that would have an impact on your interest expense line. But I think you said that it has an impact more on your CAPEX. Is that the right way to look at it?

**Rodrigo Campos:**

We have both, because now with the international financial standards, we have the present revenue accounting when you have days of payment in the supplier accounts. So the effects of the term that you have, part of that goes to the financial interest expenses.

So, we have both effects, we have lower financial expenses due to what we call APV in English, adjustment for present value, we have lower adjustment for present value and at the same time, we are able to get better prices which impacted our CAPEX too.

**Debbie Bobovnikova:**

And is it possible to quantify the impact on a financial standpoint? Could you quantify the impact on CAPEX as CAPEX is now down R$50 million versus earlier guidance? Is it possible to quantify the effect on the financial expenses?

**Rodrigo Campos:**

Maybe we could, I think, give you the number after. What I can tell you, I do not have the breakdown in front of me, financial expenses as a whole are going down like R$80 million as compared to last year, but I do not have the exact breakdown here.

**Debbie Bobovnikova:**

OK. Great. And just one last question, just on the CAPEX, you are guiding now that the R$650 million is now in the maintenance, annual maintenance for the Company. And this is as a result of paying your suppliers sooner so you are not carrying the balance as much, can you just remind us what the total guidance for CAPEX is for maintenance and your expansion in 2010 and 2011? And also, are we still expecting to see Rondonópolis turning up first thing in 2012, in January 2012?

**Rodrigo Campos:**

OK. Debbie, the CAPEX, when we say that we are reducing the CAPEX from R$700 million to R$650 million, this year, the only thing that we are excluding here is the Rondonópolis project which we treat here as a separated project outside our normal organic volume growth which at least 10% on the horizon of five years on average per year. That is what we expect.

So this is the total CAPEX. So it complies already the maintenance and expansion. We are reducing the level from R$700 million which is half maintenance and half expansion to a CAPEX of R$650 million this year, and I think this is a sustainable year for the next years, the next three to four years.

**Debbie Bobovnikova:**

Sorry about that, but I meant to ask you about the total guidance for 2010-2011 including the Rondonópolis expansion.

**Rodrigo Campos:**

The Rondonópolis expansion has a total CAPEX of R$700 million, we did R$100 million last year, and we have almost R$600 million throughout these two years.

**Debbie Bobovnikova:**

So you are working with an equal split between this year and next year, R$300 million and R$300 million?

**Rodrigo Campos:**

Yes.

**Debbie Bobovnikova:**

Yes?

**Rodrigo Campos:**

Yes.

**Debbie Bobovnikova:**

OK. Great. Thanks, Rodrigo.

**Nick Sebrell, Morgan Stanley:**

Hi, Rodrigo. If you could repeat just what you said about the CAPEX, I did not catch that. The improvement in CAPEX that you saw this year or that you are expecting for this year, it has the same level of the past couple of years, is this a new level or should we go back at the R$700 million that you are talking about historically? That is the first question.

And the second question, if you could talk a little about returns, in other words, as I understand that the Rumo project restructured such that they get a 15% IRR on the cost reductions by providing the CAPEX for that project. I would imagine if the container project follows a similar pattern and, well, they might have similar IRR return on that project. What are your returns?

I mean, how do you figure out or what is your hurdle rate for these projects unlevered real basis? Do you also get a similar 15% return or you should see something a little bit higher? Or do you feel comfortable with a lower return because you are not putting up the CAPEX? These are the two questions. Thank you.

**Rodrigo Campos:**

Nick, in terms of the CAPEX, we believe that the number of R$650 million is sustainable. I believe that we should keep at that level on the future years. In terms of the new projects, when we go to Rumo, another point is you with a completely, I mean, it is hard to talk about rate of returns given that we will have no CAPEX involved with that. So it is a completely additional margin. And in terms of Rumo, it is important to understand the sharing of risks here, I mean, this is a demand which was not addressable to the rail network, all the CAPEX is done by Rumo, in terminals, in rail cars and so on. They are duplicating their (….) which also have a huge impact in all the cargos we haul to Santos.

And also, Rumo holds all the demand risks, which I believe makes a lot of sense from them given that one of the main shareholders has a large portion of the volume. They hold the demand risks and we hold the operational risks which is different from the normal projects that we hold in our rail network that keep up, both risks. So, with Rumo doing all the CAPEX we gain important additional margins that come with the additional volumes and we have an important impact in all the cargos that we have in our rail network.

I mean, in the container, of course I cannot anticipate here the structure and neither the internal rate of return, but I can say that in the container is a little bit different model, the accounting is not the same.

**Nick Sebrell:**

OK. But in general what is your huddle rate when you look at your projects?

**Rodrigo Campos:**

I mean, in our normal CAPEX on the Company it is 20% year term.

**Nick Sebrell:**

OK. Alright. Thank you.

**Steve Trent, Citigroup:**

Hi. Good morning, everybody. I just wanted to confirm that I heard you correctly and I am kind of dialing from outside the office and I could not hear that well about the call. If I am not mistaken, you mentioned for 2011, 67 million tons of soy crop in terms of results, total exportations and 18 million tons from Mato Grosso but I was not sure what products you were mentioning there. And I think you also mentioned harvest delays of 10 to 15 days for part of next year versus an average lineup of six to seven days. I just want to make sure I have those statistics correct.

**Paulo Basílio:**

OK. Steve, yes, you are basically correct. You know, it is just a flavor that we are having for next crop, but yes, we are expecting, with the numbers that we have right now, a soy crop of almost 67 million tons in Brazil, 18 million tons in Mato Grosso, 30 million tons in Paraná which for us is a very good demand, it is pretty much the same level that we have this year which was a very strong year.

And about the lineup of the vessels that we faced in the 3Q, the problem that we had in Santos, the average days of lineup is seven days, six, seven days per terminal, and during these rainy days that we had in the 3Q, they achieved almost 30 days of lineups, the problem that Santos had in the 3Q, end of July, beginning of August.

**Stephen Trent:**

OK. Great, and then your expectation for 2011 is let us say we could still see 10 to 15 days within the early part of 2011, did I get it correctly?

**Paulo Basílio:**

Yes. The delay in the harvest time, because of weather conditions, maybe, again, it is early to say that, but that is what we are expecting, a delay in Mato Grosso of 10 to 15 days of the harvest, but we are going to have a lot of crop, a lot of the volume that will go the beginning of the next year, and so this delay will not affect the transportation because of the products that will go from 2010 to 2011.

**Stephen Trent:**

OK, got it. Thank you.

**Paulo Basílio:**

Mainly to Chinese.

**Stephen Trent:**

Great, thank you. Just one more question if I may, excuse me, I believe that not long ago, you mentioned that the regulators were thinking about an idea to maybe alter the rail concession whereby you would share you network but other companies would have to share their network with you and you know a third party to manage a let us say rail flow. I remember you said it was an incipient idea, have you seen any change in that at all given the recent presidential elections in Brazil or is it still just sort of a vague idea?

**Paulo Basílio:**

Steve, I do not know if I understood correctly, but are you talking about the new model of concession in Brazil. Is that?

**Stephen Trent:**

Yes, that the regulator had been considering any new concession. You know, have you seen anything different in their body language since Brazil presidential elections were completed?

**Paulo Basílio:**

Yes, we still have the same idea about this project. It is an interesting to see the Government investing in railroads in Brazil. They are expected to invest a lot of new rail lines, they are talking about the new model concession, separating the infrastructure from the rolling stocks, so one guy can only offer the infrastructure and then there will be other operators in the rail line. But again, they are not talking about change the contracts that already exist in Brazil, in the railroads t are running today. So again, we see this more as an opportunity than a down functional business.

**Stephen Trent:**

OK, understood. Thanks very much.

**Debbie Bobovnikova, JPMorgan:**

Yes, thank you. I just wanted to follow up again on the maintenance CAPEX issue. This new guidance, and I know that includes both maintenance and all what you said about the 10% growth in expansion in the capacity per year.

I just want to see how that number changes going forward, is it a stable number, total number and you are expanding your capacity, does that mean that you are gaining about 10% to 12% efficiency in your maintenance CAPEX per year? How should we think about that number?

**Rodrigo Campos:**

Debbie, I think the R$700 million level, I mean, it is the level we were keeping in the last three years, basically gaining productivity in maintenance and also in expansion. When you see the Company in the next five years, you will see that number at a R$650 million level and this is a mix of gaining productivity in maintenance and gaining in expansion CAPEX too.

When we look maintenance, and we have 40% of the CAPEX which is related to rail network, which is really much stable, the 60% remaining is related with locals and railcars that also grow the number of locals and railcars we have but much less than the volume growth that we see.

Just to mention, our plan for 2011, it does not comply material acquisitions of railcars and locomotives, we are pretty much growing with railcars and locomotives that we have this year.

**Debbie Bobovnikova:**

As for 2012, when Rondonópolis starts up, should we still expect R$650 million to be your regular CAPEX even with this new expansion?

**Rodrigo Campos:**

It is a very short line, Debbie, we are talking about 260 kilometers of rail lines out of our 21,000 and this one is pretty new, very different from the others that we have. So, very low maintenance in the network.

**Debbie Bobovnikova:**

OK, great. And if I can also ask on a different topic, we talked a while about the outlook for next year is grain production of Brazil. It looks like it is going to be another good year, but obviously not as good as we have this year, I mean, with the July and August harvest. And I think, in a base case, next year we are going to see at least a little bit of a downturn given the linear effect on yields. And my question is, how do you approach your contract negotiation with the trading companies looking into next year?

On historical level, it is still going to be on a base case scenario, let us say, a very good year, but it is obviously going to be one that is going to be slightly weaker than the year we just had. How does that factor into your negotiation? Do you think that you will still be able to get pricing above inflation in that kind of scenario? Or do you expect that just to be a regular year where your contracts are mostly non-inflation?

**Paulo Basílio:**

Debbie, you are right, let us say that we are going to start to negotiate with the clients in December and we are confident that with the commercialization volumes that we are going to have next year first because of the decrease of the inventories, I am talking here about the level of corn and soy meal that we are going to have in the inventories in the Country, to be exported. And the increase in the sugar volumes that we will have in our rail lines as we take some capacity through the quarters. So, our lines will be seeing an increase in rail cargos and in the commodities that we are going to receive from Rumo. So, at the end of the day, we will keep trying to follow inflation.

**Debbie Bobovnikova:**

Great, thank you.

**Operator:**

There are no further questions at this time. I will turn over to Mr. Paulo Basílio for final considerations. Mr. Basílio, you may give your final considerations.

**Paulo Basílio:**

I would like to thank you all for your interest in the Company, and here we would like to tell how positive we are with this 4Q and into the next year because we are very positive with the production in Brazil and the gain in productivity that we have planned to achieve. So, thank you.

**Operator:**

Thank you. This concludes today's ALL earnings conference call. You may disconnect your lines at this time.