Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to América Latina Logística's 4Q and full year 2010 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, at 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's 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. We are here to present our results of 2010, the 4Q and the full year. I will start with the most important points of the year, the 4Q10 highlights. Then I am going to discuss our management and business units, the agricultural business unit and the industrial, and then I will pass to Rodrigo to explain a little bit the financial figures and make some additional comments.

Starting on slide two, we have the highlights of the year. We have five points here that we would like to highlight. The first one was the volume increase, it was a good year of volume increase. In the 4Q ALL, in percentage terms, increased volumes 28%; it was 29% in Brazil and 13% in Argentina. And of this 29% in Brazil we can break down into 38% in increase in volumes in agricultural commodities and 11% growth in industrial products.

Talking about the full year of 2010, the total volume of ALL was up 10.8%, almost 11%. In Brazil it was 11.5%, in Argentina it was 4% up. And the breakdown of this increase in volumes in Brazil of 11.5% is 13% in agricultural business and 7.5% in industrial products.

This is the first bullet that we would like to highlight, the growth that we had in the year of 2010. The second important thing was the EBITDA increase fortifying the results of the 4Q. Our EBITDA increased almost 100% in the 4Q and 22% in 2010, mainly due to the gain in margins that we had and the increase in volumes of the first bullet.

The third point is our net income, which achieved R$240 million in the year, R$200 million more than in 2009. The reason for that supported by the volume increase and the gains in productivity that we had. Our EBIT, our gross profit increased more than 60% in the year, so we had a very good year of operational performance, with increase in volumes, gain in margins, and a net income of R$240 million, including more than almost 6x the 2009 results.

This is the result of the year of our operational business. And we have two other good achievements that we had in the year. The first one was that we could list our shares in the Novo Mercado, which is very important for our capital structure in a governance level. And we gained a lot of capital structure flexibility. And when you think of the Company in the long term, it is very important for us not to have this limited structure that we had before these steps.

And the last point is that in December we gave our first step in the container project with the creation of Brado Logística, which is the company that will consolidate all the volumes of the containers and deliver to the railroad a huge volume in order to take advantage of the scale of this market. It is a very huge market, and we are going to talk a little bit about this project in the next slides.

So, summarizing the main results of the Company in 2010: good volume increase, good EBITDA margin, huge net income, a good step in the capital structure of the Company with the new listing in the Novo Mercado, and our first step in containers. This summarizes the good year we had in 2010.

Going to the next slide, to talk about our agricultural commodity business. In the 4Q we had a very huge deal in this market, the volumes increased almost 38%. We can break down this deal into 40% increase in front haul flows in the exportation in volumes, and 15% in back haul, mainly fertilizers. We have more focus on the exportation flow, as we explain during the year.

In 2010, egg volumes grew 13%. The breakdown is 14% front haul and 6% fertilizer, which is our back haul volumes. When you take into consideration the market share that we have, we increased our market share from 69% to 72% in the 4Q. In Santos the market share grew from 61% to 72%; mainly this was driven by a huge increase in corn and sugar. And we have a reduction in market share in the south port.

Although we had a huge growth in the south port volumes, the exportation grew 100% in the 4Q in the south ports, port of Paranaguá, port of Rio Grande, and port of São Francisco, and we grew 77% in the 4Q, the volumes. So, we had a very huge growth in the quarter, but the exportation grew more than this, so we moved some market share in these ports, what is good when you think about the volumes that you have to cater for in the future.

Going to the next slide we can see the gross revenues were up 40%, reaching R$460 million in the 4Q. Our yield increased 1.1%, and here it is important to highlight that we had some effects on the cost side that, in a certain way, compensate this low yield. The inflation is pass through, of course. Mainly two issues happened last year that are important to highlight here: the first one is that in the middle of 2009 we had a 15% reduction in diesel price, so this affected yields. But of course it affected a reduction in our cost too, so it is a form of comparison. And we had a huge drop in the drayage service, which is a revenue that we had in the first line that is not linked to RTK, because it is a very low margin.

So, these three facts reduced the real effect of our yields in the year. In 2010 our gross revenues increased 15% and our yields increased 1.66%. When you take into consideration the EBITDA, the 4Q EBITDA was up 115%, and for the full year the agricultural commodity EBITDA was up 21%.

Here we can see this impact on yields that I was explaining. We had a 21% increase in EBITDA, our volumes increased 13%, which gives us a Real/RTK increase of 7%, mainly because we have a lot of cost reduction that is related to the revenue. This is the main impact on profitability that we had in the agricultural segment.

Going to the next slide, talking about the industrial product business unit. We had increase in volumes of 10% in the 4Q, 16% intermodal and 7% pure rail flow. When we see the full year, we had a 7.5% growth in total volumes, 19% up intermodal and in line with rail flows. So, we had a huge growth in intermodal flows and a low growth in pure rail flows.

Thinking about the financial numbers of this unit, we had an increase. Considering the 4Q, revenues were up 15%, yields 3.6% up, and EBITDA was up 41%. Considering the full year we had revenues 10.5% growth, yields were up 2.8%, and EBITDA 16% up. So, the same effect that we saw in agriculture, when you consider the changes in diesel, happened in the industrial side of the business. If you take into consideration the Real/RTK in EBITDA, we had an increase of 7.4%, which is a mix of gains in diesel and gains of mix in profitability of the segment.

When you take into consideration the volumes that we had in the agricultural business unit, we had a huge increase in corn and sugar. We had 6.8 million tons in sugar, and we can break down this volume into 3.5 million tons in port of Santos, and 3.3 million tons in port of Paranaguá. The port of Santos is related to the project of Rumo port of Paranaguá; it is not related to Rumo project.

In the industrial side we can see a huge growth in the steel, and new projects with a lot of steel clients, like Usiminas, Vega, and Fibria. To summarize the results of the business unit that we had: huge growth in agriculture, gain in margin; industrial, a huge growth in intermodal flow, a small growth in pure rail flows, but a gain in margin too.

Going to our other business the highway, going to the next slide, number six. The highway services division, our revenues were up 9.3%, 9.1% up, and we achieved an EBITDA of R$13 million in 2010.

We had a better quarter in Argentina, the volumes grew 13% in the 4Q, the EBITDA increased a lot, coming from a loss of R$3.6 million to a gain of R$3.7 million, and in 2010 we had the volumes increasing 4%, and EBITDA of R$21 million, which is good, we had a better year than 2009, but still a small part of our business.

That being said, let me ask Rodrigo to present the financial figures of the year and the quarter.

Rodrigo Campos:

Thank you, Paulo. Good morning to everyone. When we go to slide seven, the consolidated gross revenue figures, we see that the gross revenue of ALL increase 13.7% in 2010, which means an 11.5% volume growth in Brazil, and a 10.8% consolidated volume growth.

When we go to slide eight, the consolidated EBITDA increased 21.6%, from R$1.1 billion to R$1.34 billion, with a 4 p.p. margin increase, from 45% to 49%.

And when we go to the net income figures, slide nine, we see that we had a strong growth in net income, from R$35 million to R$240 million, which reflects mainly a strong increase in earnings before interest and taxes, which increased more than 60% in 2010 as compared to 2009.

When we go to slide ten, our capital structure and leverage, we see that our indicator of net debt/EBITDA went up from 1.8x net financial debt/EBITDA to 2.1x, reflecting basically our CAPEX in the Rondonópolis project, which is additional to our normal organic CAPEX.

With that, I will transfer to Paulo to comment on the strategy and opportunities we have.

Paulo Basílio:

Thank you, Rodrigo. I think I will start to remember a little bit our strategy, and the way that we are going to handle the new project that we are discussing in the Company. We understand that most important slide that we have in the financial performance of the Company is the cash flow generation.

Just this cash flow keeps increasing, this cash flow is going to accelerate the leverage of the Company, and generate huge net profit in the future. So, we are very proud of that, and we separated the business and the way we are handling the business is in two different views.

The first one is our organic growth of actual business. So, the actual business in the intermodal railroad business, which will keep growing at a rate of 10% per year, gain in prices following inflation in the middle term. And from now we are going to start to benefit from a more stable CAPEX level.

That being said, I mean that in the future we can see our CAPEX decreasing a lot as a percentage of the revenue, because we expect to have in the future a more stable CAPEX even in the long term.

And in the 2H12 we will achieve Rondonópolis, our construction in Rondonópolis will be finished, and we will start to receive other increasing volumes, and profitability in the increase of the addressable market in Mato Grosso, because we will be closer to the areas where we respectively produce (…) in the state.

As you remember, we do not have more constructions to enter, so this is our final railway construction to be ended in 2012. With that our organic growth is very clear, we are focusing on free cash flow of these projects, increase in market share, increase in volumes, gain in prices, with a very stable CAPEX, increasing a lot the cash flow generation of the Company.

And we have a lot of opportunities that we can see surrounding our rail network, and that the second group of projects that we call strategic projects. In theses projects we have two main points that are important to highlight here. Either our projects that are going to bring volumes that today are not addressable to our current operations, or we are going to start to provide and explore other services that today we do not explore, mainly in the link of the volumes that we transport in the railway. So, these are the two main dimensions of the project that we are going to see in the future.

Brado is a very good example of that. Brado is a company that will transport the volume of containers addressable to ALL, and the company will explore a lot of other services to the clients, the company will provide a lot of different services to the clients in the segment, in order to benefit from this value. So, this is the main idea that we have.

All the new opportunities that we have, and new projects that we are discussing are not linked to ALL's capital structure, so they have to fund themselves in a most efficient way in order not to affect the free cash flow of ALL, and we are always looking to additional cash flow to ALL's shareholders.

So this is our main focus in the future, this is the way that we are going to conduct the new projects that we are starting, presenting to the market.

And I would just like to clarify and to talk a little bit about all the structures that we have, and the new strategy that we always explain to the market. So, for that I will ask Rodrigo to talk a little bit about Brado, which is the first step in the container market that we have.

Rodrigo Campos:

Thank you, Paulo. Paulo already touched on the Brado creation in the beginning of the presentation. I would just like to give a little bit of more color on that, on the size of the opportunity we are talking here about 2.6 million containers per year of addressable market, and today ALL has a market share of only 2%.

What Brado will do is exactly to replicate and review a model that is very successful abroad in countries like the United States, Canada, and Japan, where the transportation of containers in the railroads represents a market share of more than 50%. Just remembering how it works in Brazil, today, volumes of containers are transported by these trucks, which is much more expensive than the railroads, and are exported on the ports, where the land is more expensive, where the labor cost is much higher, where the construction cost is much higher, so storage fees are much higher.

What Brado is talking about is migrating this model to a model of storing the containers on the countryside, on terminals, to transport that on the railroads, with huge savings to the clients. So, Brado will visit terminals on the countryside, will build the railway transportation connected to the terminal, and will be the player which will consolidate all the container business, which today is very fragmented to the railroad capturing itself. So, Brado will have this role of consolidating containers and send that to the ports.

So, it is a much more efficient model then what prevails in Brazil and we believe that this Company has a strong competitive advantage as compared to any player in this business, and this company should be an important player in the future. We expect that this company will invest R$1 billion in terminals, in expansion of the rail capacity, to bring all theses containers to the railroad in five years.

And aiming to reach a market share of 12% in five years, we truly believe it is just the beginning of the life of this company when we see abroad the size of opportunities for sure when we look more in the long term they could rea ch a much stronger market share.

And what is important to mention is that this CAPEX plan will be 100% funded by equity and debt in that Brado. So, all the resources will be provided by Brado itself, no resources, no cash or any kind of guarantee will come from existing businesses of ALL. So, Brado will raise equity and Brado will take that to the market, we expect all this funding process to be completed in six months, and what we see as reasonable for that company is a ratio of debt and equity of 1:1 as a ratio.

What is also import to mention is that if you look at ALL's existing business, this contract of Brado with the railroads, which will be the supply of Brado, it will explore the transportation, the warehousing, and other sources on the container logistics and they will have an agreement with ALL at a competitive price, with a discount and ALL will give the supply of rail transportation to Brado.

From the existing business of ALL's points of view, this contract means a completely additional demand, which until today was not addressable, additional volumes to our organic growth plans, and additional margins without any capital employed, because all the CAPEX in order to expand the capacity comes from Brado. So, completely additional cash flow, with no capital employed. And just to end the point of Brado, it is important to mention that Brado is a separate business and will be reported as a separate business also in our normal results reports.

Going to slide 13, I would like to make some additional comments. The market perspectives for 2011 are very good, we should have another strong grain crop in Brazil in

2011, the harbor season started strongly in March, in 2010 the harbor season started in the middle of February, in the state of Mato Grosso, as was anticipated. But in 2010 as we came from a weak crop, which was 2009, we had a process of recovering inventories liable throughout 2010, and this process is not expected for 2011. So, when you see exports, they increased from 2010 to 2011, from R$53.8 million to R$54.9 million in 2011. And the industrial production is expected to increase more or less 4% in Brazil in 2011 again, which is a very good figure.

In terms of our CAPEX, when you look at the organic growth CAPEX of the Company, which does not include the construction of the new rail lines in Rondonópolis, our CAPEX will be revised down during 2010 and we closed the year with R$647 million of organic growth CAPEX. For 2011 we are keeping the same amount in nominal terms, so we expect to do R$650 million organic growth CAPEX. And considering all of the growth that we expect for the year, this means an important decrease in CAPEX as percentage of revenues. And the same movement of descendent CAPEX as percentage of revenues is what we expect for the future, with a growth in volumes and stable CAPEX in the next years.

Furthermore, I would just like to comment that we are very positive about our other strategic expansion project. The Rondonópolis construction continues under schedule. We should meet Itiquira, which is an intermediate station, in August 2011 and we should be in Rondonópolis in the middle of 2012. And we continue to work on other infrastructure projects in the terminals and mining segments.

That being said, I would like to open for questions.

Taís Corrêa, Goldman Sachs:

Good morning, everyone. If allow me to ask two question, so first I do not know how much you can comment on that, but I would like to have a little more clarity on the Company's consolidated margins, once Brado is operational. What level of margin should we expect at that time? And as you know that Brado's margins are lower than today's consolidated ALL's margins.

And also a second question, on the cash flow generation we have seen you improve cash flow considering the operational and CAPEX without financing, from about R$-919 million in 2009 to about R$-400 million in 2010. Looking forward you continue to see the Company turning free cash flow positive 2011/2012? Please, if you could give us more color on that and more details maybe. Thank you.

Rodrigo Campos:

OK, Tais. Just the first question, in terms of margins, I think the best thing to do is to separate the existing business of ALL from Brado, which are different businesses. I mean, when you look at Brado, we are a creating a completely new volume for ALL's shareholders in a separate business, separate company. So, the best thing is to separate both companies and show companies in a separate way; that is what we will do when we report results to the market.

But looking only to the existing business of ALL, I mean, what we expect is, you know that the rail business is where the fixed cost represents an important part of the cost. So, as we keep growing volumes, we expect steel to gain in terms of margins, in terms of EBITDA margin. At first those gains are much more marginal than the gains that we had historically, but in a step stage we could reach a margin of 55% or something in the existing business of ALL.

So, in Brado this is a different business that we expect to have a margin around 40%, which is more or less margins related to industrial business ALL and 20% with the margins that Standard has in the service they provide to the clients in terminal. So, more or less on the middle but to separate in order to announce results.

Taís Corrêa:

Just a follow-up, once you consolidate it you have something between the 30% and 55% that you have; is that what you are saying?

Rodrigo Campos:

I do not like to mix it, because in Brado you could even grow faster than the next CAPEX, for example. They have a very flexible kind of profit that can grow faster or can postpone growth. They have a very flexible CAPEX model. So, the best thing is to not separate the business, look at the business as a separated thing. But what I mean is that both things, margins in existing business will grow and Brado will be a separate thing.

Taís Corrêa:

OK. Thank you.

Rodrigo Campos:

And in terms of free cash flow, which was your second question, when we exclude the construction of Rondonópolis, of our railroad to Rondonópolis, it is a CAPEX of which the return will be only appearing, it is a CAPEX that we are doing but the return is not here. I mean, it is completely additional. We are talking about a negative free cash about R$200 million or even less than that.

So, our curve is of stable CAPEX, increase in volumes, increase in EBITDA, and operational flows. So, each year we should improve our free cash flow and, as you said, we expect to be free cash flow positive in 2012. And since then, even the net debt should start to decrease and also financial expenses should decrease from 2012. So, it would also be another good trend in terms of positive cash flow.

Taís Corrêa:

OK, that is clear. Thank you.

Augusto Ensiki, Morgan Stanley:

Gentlemen, a question regarding the depreciation line. What was the main model for changing the useful life of assets to have that dramatic reduction in depreciation? And secondly, what was the main driver of the increase in your net financial expenses, this big increase quarter over quarter and actually versus all the other quarters of this year? Thank you.

Rodrigo Campos:

Augusto, the first point, of the depreciation, actually there are two things: there is the depreciation, which is a revision of the economic life of the asset. In Brazil it was usual to use the fiscal life for the depreciation, and with the IFRS you should revise your amount of depreciation based on the economic life of the asset. So, this is an effect, so it reduced the total depreciation, as you mentioned.

And there is a second effect on this line, which is we used to have differed costs in the balance sheet of Ferronorte, of Malha Norte, which was a rail network that was privately bid. Again, with the IFRS, you cannot have this differed accounting in expenses, so we brought that down and we do not have any more of this amortization in our results.

So, for the future, in 2010, when we look the full year, it is a good base of depreciation of future projections. I mean, a completely clean base in order to start the depreciation for the future.

Augusto Ensiki:

I am sorry, so for future projections then we take the base of this 4Q as a…?

Rodrigo Campos:

Not the 4Q, the full year. Because all the effects of the revision are in the 4Q. So, the best thing is to take the full year amount of the depreciation.

Augusto Ensiki:

OK. I understood. Thank you.

Rodrigo Campos:

OK. The second question, about financial expenses, is an extraordinary result that affected financial expenses and also our SG&A line, which is when we restructured Brasil Ferrovias in 2006, in Ferroban, which was one of the concessionaries, the employees had a big differentiated indemnity from the Brazilian normal law.

I mean, remember that during the restructuring process you reduced the overall total 4,500 employees to 1,500 employees. The Company understood that a group of employees of

Ferroban, which was assigned to management positions in the company, did not have the right to receive this additional indemnity when they were fired.

At the end, in the last quarter, we had to pay this indemnity. So, we paid that, those are extraordinary labor expenses related to this restructuring process and we completed all the payments, so no liabilities are related with that.

All of that is in our 4Q results. This affected SG&A, and also all the monetary correction and the interests related with this indemnity payment are in our interest rate line. So, if you go to the interest in the financial result, you have a R$40 million impact from these extraordinary labor indemnities.

Augusto Ensiki:

OK. Sorry, in the SG&A line as well, it is basically what?

Rodrigo Campos:

In the SG&A there is R$20 million. And it is completely done. I mean, no more effects related to that in the future.

Augusto Ensiki:

OK. Great. Thank you very much for that.

Lucas Pereira, JPMorgan:

Good afternoon, everyone. My first question is a follow up of the question on the EBITDA margins. I just want to understand, considering positive and negative effects for the margins, like the ramp up of Rumo, but on the other hand the construction of the stretch to Rondonópolis, what is the reasonable EBITDA margin that you may see in, let us say, the next three years? And if you consider that is a sustainable EBITDA margin for the Company, for ALL alone? Thanks.

Rodrigo Campos:

Lucas, I would just like to separate here, it is very important to separate the normal organic growth of ALL, which is the five-year guidance we have of 10% volume growth, it does not comply any of these additional volumes, which comes from these projects, I mean Rumo, Brado, and so on.

So, looking only at ALL rail concessions, the existing business of ALL rail concessions, when we look at our normal organic growth, I mean growing at least 10% in the normal market, we should keep gaining market from the markets we have, reaching in a steady state 55%.

In projects like Rumo, which you mentioned, I mean, we have additional volumes and we also have discounts, so margins are lower than the margins we have in our normal business. So, the EBITDA coming from those projects brings lower margins that are completely additional to us. So, the best way to look at that is in a separate way in order to not mix up. That is what you need to do.

Lucas Pereira:

OK. So, it is hard to say that consolidated margins will touch 55%, right?

Rodrigo Campos:

I do not want to make projections like that because these projections depend a lot on the mix of the volume growth in new projects. And we have a lot of new projects in our pipeline that we are working on.

So, what I can say is that we did a volume in Rumo of 2 million in 2009, 2.5 million this year, and we should grow until 5 million in the first phase of Rumo. And after the construction of the duplication of the railroad to the Port of Santos, volumes could reach 9 million tons, but it is something expected for two years.

Lucas Pereira:

OK. Thanks. And my second question is about the regulatory environment. We know that the Government seems to be quite excited to introduce these regulatory rules for the right of ways. I just want to hear from you any updates on this on timing, if you already have interest in like another player in using your lines more proactively and, on the other hand, ALL using other lines to ship products to different regions, and how you could benefit from this?

Rodrigo Campos:

Good question. Actually, it is always good to separate also the subject into two. I mean, the new rail concessions that the Government wants to bid and the existing rail concession, which was certified in 1996 and 1997.

For the new rail concessions, I mean, what the Government plans to do is a model when they build the rail concessions, they will operate the rail lines like a controlling center, and they will open for players to transport on the rail network, and players which will have locomotives and rail cars, and we will transport in the infrastructure built by the Government.

I mean, be it for ALL I think it is a huge opportunity. It is the opportunity to expand our operations in other regions, in other rail networks, because at the end of the day I will not build more rail networks. So, it is an opportunity to expand my operations. And I see no competitors for ALL in a sense that we are the railroad that attends final clients in Brazil, and that has the scale and the knowhow to better operate this concession.

So, it is a huge opportunity to enter in these concessions in a much more light asset model, without putting any CAPEX related to the rail lines, only buying locomotives and railcars. So, it is a huge opportunity.

And when we go to the existing concessions, it is always good to look at what can be done and what cannot be done. So, if you look at the concession contracts you should separate what they call financial clauses what they call service clauses.

Financial clauses defines the limits, the concession model that was privatized; all these railroads were privatized, and it cannot be changed. By contract, it cannot be changed. And you have service clauses and those can be changed, (…) that the Government can ask for their researches and so on.

But if those changes have an impact on your agreement, you can reiterate that. Let me give you an example. If you look at road concessions, Government asks for more CAPEX. That was a possibility. But in a compensation for asking for more CAPEX, they are extending the term of the concession as a compensation measure. So, this is something that is reasonable to expect.

Lucas Pereira:

OK. Thanks.

Enrico Canera, Eminence Capital:

Thanks. Good morning. I just want to have some comments on the trending yields that you are seeing. You say that you expected they would grow in line with inflation, but with the rise in fuel price, do you see any change in this? Thanks.

Rodrigo Campos:

Enrico, that is true. When we look abroad, and as our commercial agreement has a pass through in the clause, we just assume the same diesel price and expect to pass. And our guidance of inflation is the pass through of inflation of the portion of our cost that is not diesel.

But if diesel goes up, and we do not really have a clear vision about that, because remember that in domestic prices diesel price is set by Petrobras, it should impact our yields, it should impact our prices. The pass through to the prices have the same deal of diesel price increases.

Paulo Basílio:

And just to remember here, if such movement happens we gain margin with the pass through of this.

Enrico Canera:

OK. And do you give comments on the 70% of your volume of the contractors are take-or-pays?

Paulo Basílio:

We closed more than 70% of contracts in take-or-pay agreements, that is good. When you see the market for 2011, they are very positive, basically because we are going to have a huge crop in Brazil, they are talking here about more than 18 million tons of soybeans in Mato Grosso. We are expecting a winter crop of corn of 7 million or 8 million tons. In Paraná we are going to have another huge crop of almost 14 million tons of soy, and a huge winter crop of corn. And even in Rio Grande do Sul, where we were expecting the effect of La Niña, we are seeing a very good perspective with more than 8 million tons of soybean.

So, when we consider all the volumes we are very positive, and the other impact that we are seeing is the price of the commodities. So, when you take a look at the future prices for corn and soybeans we can see they are very high. So, this give us an expectation that we are going to transport volumes in the 1H11 and 2H11.

So, that is exactly why the clients are very comfortable to sign these contracts with us because the volume and the market prices are good.

Enrico Canera:

OK. Thank you.

Andrew West, JPMorgan:

Hi, guys. Your costs were really well under control, even excluding depreciation. Could you give me some more details on how you accomplished that, and the prospects of keeping these costs well controlled in the future?

Rodrigo Campos:

Andrew, apart from the depreciation we had an important gain in diesel. Of course the expenses of diesel increased, but much less than the volumes did because our diesel consumption per RTK went down 5% in the 4Q. So average diesel consumption was very good.

And also what we had in the year was lower costs of drayage services. We did less drayage services. This is a more or less neutral impact in our results because normally when we do more volumes of the added services we have more profit but also we have more revenues related to added services, and the margins on that growth is very small.

So, normally when you have increase of volumes, it increases revenues but also increases costs, so it is neutral. I would say that the major impact is in terms of diesel consumption and fixed costs control.

Andrew West:

If I could, costs were also unusually flat considering that we are hearing a lot of talk in Brazil about rising wages. Is this going to be a problem next year?

Rodrigo Campos:

It is pretty much stable. It is not decreasing, but it is increasing margins in 4.7%, which we expect to grow less than inflation. Of course we have some pass through to the labor, but also we have efficiency gains because you do not increase the number of people proportionally to volume growth, for example. You do not have to increase the number of trained engineers to increase volumes because you will improve transit times, you have longer trains, so we have real gains in fact in the labor lines.

Andrew West:

Do you have much room to be expanding the links of your trains? Did that help this year, do you expect it to help next year?

Rodrigo Campos:

Could you repeat your question? Sorry, I could not hear very well.

Andrew West:

Just asking about links of trains, how many cars you can run?

Rodrigo Campos:

Actually one of the big gains we had in 2009 and 2010 was due to longer trains in our main routes from Alto Araguaia to Rondonópolis. What we did was to invest in the rail networks expanding the crossing yards in order to accommodate longer trains; we adapted 40 crossing yards and we increased the size of trains in almost 50%. So, with that trains crossed less and we gained in terms of transit times and we gained in terms of total capacity without having to add rail cars and locomotives to our fleet. It is important (…) the gains and have this impact you mentioned.

Andrew West:

Great. Thank you.

Operator:

I am showing no further questions at this time. I will turn the floor back over to Mr. Paulo Basílio for any final considerations. Mr. Basílio, you may give your final considerations.

Paulo Basílio:

Thank you. I would like to thank you again for the interest in our Company and interest in the call, and say that me and Rodrigo and all the IR team will be here to answer any doubts you may have. Thank you.

Operator:

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