



ALL - AMÉRICA LATINA LOGÍSTICA S.A.

Corporate Taxpayer's ID (CNPJ/MF) #02.387.241/0001-60
Corporate Registry ID (NIRE) 41.300.019.886

BRASIL FERROVIAS S.A.

Corporate Taxpayer's ID (CNPJ/MF) #02.457.269/0001-27
Corporate Registry ID (NIRE) 35.300.154.002

MATERIAL FACT

ALL - América Latina Logística S.A., a publicly-held company with headquarters at Rua Emílio Bertolini, 100, Bairro Cajuru, in the City of Curitiba, State of Paraná, Corporate Taxpayer's ID (CNPJ/MF) #02.387.241/0001-60 ("ALL"), and Brasil Ferrovias S.A., a publicly-held company with headquarters at Rua do Rócio, 351, 3º andar, in the City of São Paulo, State of São Paulo, Corporate Taxpayer's ID (CNPJ/MF) #02.457.269/0001-27 ("Brasil Ferrovias"), pursuant to the provision in the Instruction of the Brazilian Securities and Exchange Commission - CVM #358/02 and in continuity to the joint Material Fact dated as of May 9, 2006, concerning the execution of agreements related to the acquisition ("Investment Agreements"), by ALL, of the total capital stock of Brasil Ferrovias and Novoeste Brasil S.A., a joint-stock company with headquarters at Rua do Rócio, 351 – cj. 31/parte, in the City of São Paulo, State of São Paulo, Corporate Taxpayer's ID (CNPJ/MF) #07.593.583/0001-50 ("Novoeste" and, jointly with Brasil Ferrovias, the "Companies"), published in the Official Gazette of the State of São Paulo, and in the newspapers Valor Econômico, Gazeta Mercantil and Jornal da Tarde in their respective editions as of May 10, 2006 and in the Official Gazette of the State of Paraná in its edition as of May 12, 2006, inform, by means of this Material Fact, that, on May 31, 2006, the managements of ALL and Brasil Ferrovias and the managements of ALL and Novoeste entered into Protocols of Merger and Justification related, respectively, to the merger of all shares issued by Brasil Ferrovias and Novoeste by ALL (jointly, the "Merger of Shares"), pursuant to the provision in the Article 252 of Law 6,404/76, as amended ("Corporate Law").

The effective Merger of Shares will now be submitted to the approval of the general meetings of ALL and each one of the Companies, called to be held on June 16, 2006, pursuant to the call notices released on this date.

Once duly approved, the Merger of Shares will have the following characteristics:

- (i) purpose: the operation has as purpose to allow the acquisition, by ALL, of the total

capital stock of Brasil Ferrovias and Novoeste;

(ii) benefits: the integration of the operations of ALL with those of Brasil Ferrovias and Novoeste will enable the increase in the volume of investments in the concessionaires controlled by Brasil Ferrovias and by Novoeste, continuing, in a consistent manner, with the growth of the volumes transported in the rail network of the referred concessionaires in order to achieve the goals established by the granting power, as well as to meet the country's growing logistics needs.

(iii) treatment to be given to the goodwill determined in view of the Merger of Shares: considering that the shares of the Companies, purpose of the Merger of Shares, will be merged by ALL by its respective economic values, which are higher than the respective net equity values, ALL, after the operation, will start being the holder of investments in the referred Companies, and the investment in each company will be spread in the shareholders' equity value of the Company acquired and the goodwill referring to this investment. While the current corporate structure of ALL and of the Companies is maintained, the amounts recorded as goodwill will not be used for tax purposes;

(iv) structure: the operation will be made by means of the merger, in ALL, of the total registered common and preferred shares issued by the Companies, by the amounts indicated below. The Merger of Shares will imply the transfer, by means of capital increase of ALL, of the total shares issued by the Companies, which will be converted into wholly-owned subsidiaries of ALL. All the current shareholders of the Companies must receive new shares issued by ALL, indicated as follows, complying with the right to withdraw referred to in (xviii) below;

(v) date of the Merger of Shares: the Merger of Shares must be effective on June 16, 2006;

(vi) estimated costs: the costs of the operation are estimated, approximately, at ten million reais (R\$ 10,000,000.00), including expenses with publications, preparation of appraisal reports, consultants and attorneys;

(vii) appraisal reports: in order to obtain an adequate parameter for the appraisal of the shareholders' equity of ALL and of the Companies, the following companies were contracted: (a) the specialized company Apsis Consultoria Empresarial Ltda., with headquarters at Rua São José, 90, grupo 1802, in the City of Rio de Janeiro, State of Rio de Janeiro, Corporate Taxpayer's ID (CNPJ/MF) #27.281.922/0001-70 ("Apsis"), and (b) the financial institution Banco de Investimentos Credit Suisse (Brasil) S.A., with headquarters at Avenida Brigadeiro Faria Lima, 3064, 13° andar, in the City of São Paulo, State of São Paulo, Corporate Taxpayer's ID (CNPJ/MF) #33.987.793/0001-33 ("Credit Suisse" and, jointly with Apsis, "Appraising Companies"), which prepared the appraisal reports of ALL, Brasil Ferrovias and Novoeste, with reference date as of March 31, 2006, according to the economic value of the referred companies, calculated based on the cash flow discounted at present value method, which resulted: (a) in relation to ALL ("ALL Reports"), in the value ranging from twenty three reais and five million, eight hundred fifty eight thousand three hundred and seventy one tenths of millionths of real (R\$ 23.5858371) to twenty six reais and eight million, four hundred twenty seven thousand, seven hundred

ninety nine tenths of millionths of real (R\$ 26.8427799) per share issued by ALL, according to the appraisal of Apsis, and in the value ranging from twenty four reais (R\$ 24.00) to twenty six reais and twelve centavos (R\$ 26.12) per share issued by ALL, according to the appraisal of Credit Suisse, adopting, by the parties, the amount per share—common or preferred—issued by ALL of twenty four reais and eight hundred eighty eight millionths of real (R\$ 24.888), corresponding to one fifth (1/5) of one hundred twenty four reais and forty four centavos (R\$ 124.44), which is the amount per Unit issued by ALL calculated as the weighted average of the closing quotation of the Units in the thirty (30) trading floors prior to March 22, 2006, date of the presentation, by ALL, of the proposal for the acquisition of the stock control of Brasil Ferrovias and Novoeste; (b) in relation to Brasil Ferrovias (“Brasil Ferrovias Reports”), in the value ranging from one million, seven hundred two thousand, three hundred sixty six tenths of millionths of real (R\$ 0.1702366) to two million, three hundred fifty four thousand, eight hundred sixty seven tenths of millionths of real (R\$ 0.2354867) per share issued by Brasil Ferrovias, according to the appraisal of Apsis, and in the value ranging from one hundred ninety one millionths of real (R\$ 0.191) to two hundred thirty two millionths of real (R\$ 0.232) per share issued by Brasil Ferrovias, according to the appraisal of Credit Suisse, adopting, by the parties, the amount per share—common or preferred—issued by Brasil Ferrovias of two million fifty one thousand, nine hundred three tenths of millionths of real (R\$ 0.2051903); and (c) in relation to Novoeste (“Novoeste Reports” and, jointly with the Brasil Ferrovias Report, “Reports of the Companies”), in the value ranging from one real, two million, one hundred thirteen thousand, six hundred fifteen tenths of millionths of real (R\$ 1.2113615) to one real, nine million nine hundred sixty four thousand, nine hundred thirty eight tenths of millionths of real (R\$ 1.9964938) per share issued by Novoeste, according to the appraisal of Apsis, and in the value ranging from one real, five hundred seventy two thousandths (R\$ 1.572) to one real, nine hundred twenty nine millionths (R\$ 1.929) per share issued by Novoeste, according to the appraisal of Credit Suisse, choosing, by the parties, the amount per share—common or preferred—issued by Novoeste of one real, six million nine hundred seventy six thousand and thirty seven tenths of millionths of real (R\$ 1.6976037). ALL Reports and Brasil Ferrovias Reports already consider the conversion of the total balance on March 31, 2006 (a) of the debentures convertible into shares issued by Brasil Ferrovias, issued according to the Deed of the 1st Issuance of Debentures Convertible into Preferred Shares of Ferropasa – Ferronorte Participações S.A., as of July 1, 1999 (“Brasil Ferrovias Debentures”), into shares issued by Brasil Ferrovias; and (b) of the debentures convertible into shares of ALL, issued according to the Deed of Issuance of Debentures Convertible into Shares Issued by ALL, as of January 7, 2003 (“ALL Debentures”), into shares issued by ALL. The amounts per share issued by ALL and Brasil Ferrovias were calculated presuming that, on the date of the Merger of the Shares, Brasil Ferrovias Debentures and ALL Debentures will be converted into one billion, six hundred twelve million, seven hundred twenty six thousand, four hundred and thirty four (1,612,726,434) shares issued by Brasil Ferrovias and four million, six hundred ninety two thousand and ninety (4,692,090) shares issued by ALL, as mentioned in the immediately subsequent item of this Material Fact;

(viii) *conversion of debentures*: in compliance with the suspensive conditions provided for in the Investment Agreements, on the date of the Merger of Shares, the total balance, on the referred date, of Brasil Ferrovias Debentures, in the amount of three hundred thirty million, nine hundred fifteen thousand, eight hundred twenty reais and eighty three

centavos (R\$ 330,915,820.83), and of ALL Debentures, in the amount of thirty million, six hundred seventy four thousand, one hundred eighty three reais and twenty nine centavos (R\$ 30,674,183.29), will be converted into one billion, six hundred twelve million, seven hundred twenty six thousand, four hundred and thirty four (1,612,726,434) shares issued by Brasil Ferrovias, at the issuance price of two million, fifty one thousand, nine hundred three tenths of millionths of real (R\$ 0.2051903) per share, and four million, six hundred ninety two thousand and ninety (4,692,090) shares issued by ALL, at the issuance price of six reais, five hundred thirty seven thousand, four hundred twenty four millionths (R\$ 6.537424) per share, respectively. After the conversion, the capital stock of Brasil Ferrovias and ALL will be that indicated in the item (xv)(b) of this Material Fact;

(ix) exchange relations: in view of the appraisals referred to in item (vii) above, the following exchange relations are verified: (a) for each lot of one thousand (1,000) shares issued by Brasil Ferrovias to be merged, eight wholes, twenty four million, four hundred fifty four thousand, six hundred fifty seven hundredths of millionths (8.24454757) shares issued by ALL will be attributed, divided into common and preferred shares as indicated in item (xiii) below; and (b) for each lot of one thousand (1,000) shares issued by Novoeste to be merged, sixty eight wholes, twenty million, nine hundred seventy two thousand, six hundred fifty eight hundredths of millionths (68.20972758) shares issued by ALL will be attributed, divided into common and preferred shares as indicated in item (xiii) below;

(x) equitable operation: the operation of Merger of Shares is considered equitable by the parties, as all the shareholders of the Companies will receive amounts calculated in isonomic basis;

(xi) capital increase in ALL: the Merger of Shares shall involve an increase in ALL's capital stock through the confirmation of all shares held by the shareholders of the Companies who do not exercise their withdrawal rights, as per item (xviii) below, in accordance with the economic values estimated in the Companies' Appraisal Reports. ALL's capital increase shall comprise up to R\$ 1,404,999,835.84 (one billion, four hundred and four million, nine hundred and ninety-nine thousand, eight hundred and thirty-five Reais and eighty-four centavos), through the issue of (a) 12,000,000 (twelve million) new registered book-value common shares and up to (b) 8,890,580 (eight million, eight hundred and ninety thousand, five hundred and eighty) new registered book-value common shares and 35,562,320 (thirty-five million, five hundred and sixty-two thousand, three hundred and twenty) new registered book-value preferred shares, which, grouped in the ratio of 4 (four) preferred to 1 (one) common share, shall form new ALL Units. Of this capital increase, up to R\$ 1,313,999,825.54 (one billion, three hundred and thirteen million, nine hundred and ninety-nine thousand, eight hundred and twenty-five Reais and fifty-four centavos), represented by (a) 11,222,776 (eleven million, two hundred and twenty-two thousand, seven hundred and seventy-six) new registered book-value common shares and up to (b) 8,314,749 (eight million, three hundred and fourteen thousand, seven hundred and forty-nine) new registered book-value common shares and 33,258,996 (thirty-three million, two hundred and fifty-eight thousand, nine hundred and ninety-six) new registered book-value common shares referring to the merger of Brasil Ferrovias' shares, and up to R\$ 91,000,010.30 (ninety-one million and ten Reais and thirty centavos), represented by (a) 777,224 (seven hundred and seventy-seven thousand, two hundred and twenty-four) new registered book-value common shares and up to (b) 575,831 (five

hundred and seventy-five thousand, eight hundred and thirty-one) new registered book-value common shares and 2,303,324 (two million, three hundred and three thousand, three hundred and twenty-four) new registered book-value preferred shares, referring to the merger of Novoeste's shares. The new shares issued by ALL shall be subscribed by the Management of the Companies, on behalf of their shareholders, in accordance with their respective shareholdings in the Companies on the date of the Merger of Shares;

(xii) new shares to be issued by ALL as a result of the Merger of Shares: the issue of new common and preferred shares by ALL shall comply with the following limitations and restrictions: (a) the maintenance of ALL's capital stock ratio of 1/3 (one third) common and 2/3 (two thirds) preferred shares, pursuant to article 15 of the Brazilian Corporate Law, prior to its amendment by Law 10.303/01; (b) ALL's controlling block must always retain more than 50% (fifty percent) of ALL's voting capital; and (c) any alteration to ALL's controlling group and the respective Shareholders' Agreement must receive prior approval from the granting power;

(xiii) shares to be attributed to the current shareholders of the Companies: in exchange for their shareholdings in the Companies, (a) Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI (“PREVI”) shall receive 2,531,521 (two million, five hundred and thirty-one thousand, five hundred and twenty-one) new common ALL shares locked to ALL's Shareholders' Agreement (and therefore not outstanding), of which 2,108,527 (two million, one hundred and eight thousand, five hundred and twenty-one) refer to Brasil Ferrovias and 422,994 (four hundred and twenty-two thousand, nine hundred and ninety-four) refer to Novoeste, as well as 1,586,965 (one million, five hundred and eighty-six thousand, nine hundred and sixty-five) Units, of which 1,476,711 (one million, four hundred and seventy-six thousand, seven hundred and eleven) refer to Brasil Ferrovias and 110,254 (one hundred and ten thousand, two hundred and fifty-four) refer to Novoeste; (b) Fundação dos Economistas Federais – FUNCEF (“FUNCEF”) shall receive 2,425,946 (two million, four hundred and twenty-five thousand, nine hundred and forty-six) new common ALL shares locked to ALL's Shareholders' Agreement (and therefore not outstanding), of which 2,071,716 (two million, seventy-one thousand, seven hundred and sixteen) refer to Brasil Ferrovias and 354,230 (three hundred and fifty-four thousand, two hundred and thirty) refer to Novoeste, as well as 1,543,261 (one million, five hundred and forty-three thousand, two hundred and sixty-one) Units, of which 1,450,930 (one million, four hundred and fifty thousand, nine hundred and thirty) refer to Brasil Ferrovias and 92,331 (ninety-two thousand, three hundred and thirty-one) refer to Novoeste; (c) BNDES Participações S.A. – BNDESPAR (“BNDESPAR”) shall receive 7,042,533 (seven million, forty-two thousand, five hundred and thirty-three) new common ALL shares locked to ALL's Shareholders' Agreement (and therefore not outstanding), as well as 4,932,249 (four million, nine hundred and thirty-two thousand, two hundred and forty-nine) Units, in both cases—common shares locked to ALL's Shareholders' Agreement and Units—referring to Brasil Ferrovias; and (d) the remaining shareholders of the Companies shall receive 828,105 (eight hundred and twenty-eight thousand, one hundred and five) Units representing ALL shares, of which 454,859 (four hundred and fifty-four thousand, eight hundred and fifty-nine) shall be attributed to Brasil Ferrovias' minority shareholders and 373,246 (three hundred and seventy-three thousand, two hundred and forty-six) to Novoeste's minority shareholders;

(xiv) *ALL's Shareholders' Agreement*: PREVI, FUNCEF and BNDESPAR shall enter into a Shareholders' Agreement with ALL's current controlling shareholders, joining the controlling block and abiding by the Regulations of the Bovespa's Level II of Corporate Governance. As a result of their entry into ALL's controlling block, PREVI, FUNCEF and BNDESPAR shall have the right to jointly elect up to two—of a total of eleven—members of ALL's Board of Directors. The new Shareholders' Agreement shall replace ALL's existing Shareholders' Agreement, containing the same rules, rights and obligations as same;

(xv) *breakdown of ALL's and the Companies' capital stock*: the following tables show the breakdown of the capital stock of ALL and the Companies (a) currently; (b) after the conversion of Brasil Ferrovias and ALL Debentures; and (c) after the Merger of Shares:

(a) current capital:

Brasil Ferrovias

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
BNDES Participações S.A. – BNDESPAR	2,232,697,292	47.19	---	---	2,232,697,292	46.60
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	1,111,249,603	23.49	40,066,514	66.74	1,151,316,117	24.03
Fundação dos Economizários Federais – FUNCEF	1,111,250,210	23.49	19,965,861	33.26	1,131,216,071	23.61
JP Morgan Partners (BHCA), LP	87,091,159	1.84	---	---	87,091,159	1.82
Constran S.A. Construções e Comércio	74,578,987	1.58	---	---	74,578,987	1.56
Laif V, LLC	71,283,244	1.51	---	---	71,283,244	1.49
Banco Bradesco S.A.	16,516,198	0.35	---	---	16,516,198	0.34
Others - Market	26,385,134	0.56	---	---	26,385,134	0.55
Total	4,731,051,827	100	60,032,375	100	4,791,084,202	100

Novoeste

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	9,654,954	20.69	4,628,451	66.74	14,283,405	26.65
Fundação dos Economizários Federais – FUNCEF	9,654,954	20.69	2,306,440	33.26	11,961,394	22.31
Constran S.A. Construções e Comércio	8,615,305	18.46	---	---	8,615,305	16.07
Laif V, LLC	8,234,583	17.64	---	---	8,234,583	15.36
JP Morgan Partners (BHCA), LP	5,554,327	11.90	---	---	5,554,327	10.36
Banco Bradesco S.A.	1,907,938	4.09	---	---	1,907,938	3.56
BNDES Participações S.A. – BNDESPAR	42	0.00	---	---	42	0.00
Others	3,047,980	6.53	---	---	3,047,980	5.69
Total	46,670,083	100	6,934,891	100	53,604,974	100

ALL – Shares

Shareholder	Locked Common Shares	%	Locked Common Shares	%	Total Common Shares	%	Preferred Shares	%	Total	%
Advance Administração e Participações Ltda.	105,665	0.13	17,917	0.02	123,582	0.16	71,668	0.05	195,250	0.09
Delara Brasil Ltda.	4,980,555	6.36	1,959,156	2.50	6,939,711	8.86	7,836,624	5.41	14,776,335	6.62

Shareholder	Locked Common Shares	%	Locked Common Shares	%	Total Common Shares	%	Preferred Shares	%	Total	%
Emerging Markets Capital Investments, LLC	9,545,680	12.19	---	---	9,545,680	12.19	---	---	9,545,680	4.28
Gruçaf Participações S.A.	740,170	0.94	---	---	740,170	0.94	---	---	740,170	0.33
Judori Administracao, Empreendimentos e Participacoes S.A.	8,192,510	10.46	2,598,581	3.32	10,791,091	13.78	10,394,324	7.18	21,185,415	9.49
Latin America Growth Capital	318,115	0.41	---	---	318,115	0.41	---	---	318,115	0.14
Railtex Global Investments, LLC	3,480,945	4.44	---	---	3,480,945	4.44	---	---	3,480,945	1.56
Ralph Partners I, LLC	10,768,910	13.75	---	---	10,768,910	13.75	---	---	10,768,910	4.83
Spoornet do Brasil Ltda.	535,720	0.68	145,133	0.19	680,853	0.87	580,532	0.40	1,261,385	0.57
Uniao Transporte Interestadual de Luxo S.A.	826,550	1.06	13,920	0.02	840,470	1.07	55,682	0.04	896,152	0.40
Controlling Group Subtotal	39,494,820	50.42	4,734,707	6.04	44,229,527	56.47	18,938,830	13.08	63,168,357	28.31
Other Shareholders	---	---	34,100,865	43.53	34,100,865	43.53	125,878,428	86.92	159,979,293	71.69
Total	39,494,820	50.42	38,835,572	49.58	78,330,392	100.00	144,817,258	100.00	223,147,650	100.00

ALL – Units

Shareholder	Units	%	Pure Common Shares	%	Pure Preferred Shares	%
Controlling Group	4,734,137	13.15	39,495,390	93.29	2,282	0.27
Advance Administração e Participações Ltda.	17,917	0.05	105,665	0.25	---	---
Delara Brasil Ltda.	1,959,156	5.44	4,980,555	11.76	---	---
Emerging Markets Capital Investments, LLC	---	---	9,545,680	22.55	---	---
Gruçaf Participações S.A.	---	---	740,170	1.75	---	---
Judori Administracao, Empreendimentos e Participacoes S.A.	2,598,581	7.22	8,192,510	19.35	---	---
Latin America Growth Capital	---	---	318,115	0.75	---	---
Railtex Global Investments, LLC	---	---	3,480,945	8.22	---	---
Ralph Partners I, LLC	---	---	10,768,910	25.44	---	---
Spoornet do Brasil Ltda.	145,133	0.40	535,720	1.27	---	---
Uniao Transporte Interestadual de Luxo S.A.	13,350	0.04	827,120	1.95	2,282	0.27
Other Shareholders	31,258,519	86.85	2,842,346	6.71	844,352	99.73
Total	35,992,656	100.00	42,337,736	100.00	846,634	100.00

(b) after the conversion of Brasil Ferrovias Debentures and ALL Debentures:

Brasil Ferrovias

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
BNDES Participações S.A. – BNDESPAR	2,232,697,292	47.19	1,612,726,434	96.41	3,845,423,726	60.05
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	1,111,249,603	23.49	40,066,514	2.40	1,151,316,117	17.98
Fundação dos Economaiários Federais – FUNCEF	1,111,250,210	23.49	19,965,861	1.19	1,131,216,071	17.66
JP Morgan Partners (BHCA), LP	87,091,159	1.84	---	---	87,091,159	1.36

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
Constran S.A. Construções e Comércio	74,578,987	1.58	---	---	74,578,987	1.16
Laif V, LLC	71,283,244	1.51	---	---	71,283,244	1.11
Banco Bradesco S.A.	16,516,198	0.35	---	---	16,516,198	0.26
Others - Market	26,385,134	0.56	---	---	26,385,134	0.41
Total	4,731,051,827	100	1,672,758,809	100	6,403,810,636	100

Novoeste

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	9,654,954	20.69	4,628,451	66.74	14,283,405	26.65
Fundação dos Economíários Federais – FUNCEF	9,654,954	20.69	2,306,440	33.26	11,961,394	22.31
Constran S.A. Construções e Comércio	8,615,305	18.46	---	---	8,615,305	16.07
Laif V, LLC	8,234,583	17.64	---	---	8,234,583	15.36
JP Morgan Partners (BHCA), LP	5,554,327	11.90	---	---	5,554,327	10.36
Banco Bradesco S.A.	1,907,938	4.09	---	---	1,907,938	3.56
BNDES Participações S.A. – BNDESPAR	42	0.00	---	---	42	
Others	3,047,980	6.53	---	---	3,047,980	5.69
Total	46,670,083	100	6,934,891	100	53,604,974	100

ALL – Shares

Shareholder	Locked Common Shares	%	Locked Common Shares	%	Total Common Shares	%	Preferred Shares	%	Total	%
Advance Administração e Participações Ltda.	105,665	0.13	17,917	0.02%	123,582	0.12	71,668	0.04	195,250	0.07
Delara Brasil Ltda.	4,980,555	6.36	1,959,156	1.96%	6,939,711	6.93	7,836,624	4.26	14,776,335	5.20
Emerging Markets Capital Investments, LLC	9,545,680	12.19	---	---	9,545,680	9.53	---	---	9,545,680	3.36
Gruçaf Participações S.A.	740,170	0.94	---	---	740,170	0.74	---	---	740,170	0.26
Judori Administracao, Empreendimentos e Participacoes S.A.	8,192,510	10.46	2,598,581	2.59%	10,791,091	10.77	10,394,324	5.65	21,185,415	7.45
Latin America Growth Capital	318,115	0.41	---	---	318,115	0.32	---	---	318,115	0.11
Railtex Global Investments, LLC	3,480,945	4.44	---	---	3,480,945	3.48	---	---	3,480,945	1.22
Ralph Partners I, LLC	10,768,910	13.75	---	---	10,768,910	10.75	---	---	10,768,910	3.79
Spoornet do Brasil Ltda.	535,720	0.68	145,133	0.14	680,853	0.68	580,532	0.32	1,261,385	0.44
Uniao Transporte Interestadual de Luxo S.A.	826,550	1.06	13,920	0.01	840,470	0.84	55,682	0.03	896,152	0.32
BNDESPAR	---	---	938,418	0.94	938,418	0.94	3,753,672	2.04	4,692,090	1.65
Controlling Group Subtotal	39,494,820	50.42	5,673,125	5.66	45,167,945	45.10	22,692,502	12.32	67,860,447	23.87
Other Shareholders	---	---	34,100,865	34.05	34,100,865	34.05	125,878,428	68.36	159,979,293	56.27
Total	39,494,820	50.42	39,773,990	39.71	79,268,810	79.14	148,570,930	80.69	227,839,740	80.14

ALL – Units

Shareholder	Units	%	Pure Common Shares	%	Pure Preferred Shares	%
Controlling Group	4,734,137	12.82	39,495,390	93.29	2,282	0.27

Shareholder	Units	%	Pure Common Shares	%	Pure Preferred Shares	%
Advance Administração e Participações Ltda.	17,917	0.05	105,665	0.25	---	---
Delara Brasil Ltda.	1,959,156	5.30	4,980,555	11.76	---	---
Emerging Markets Capital Investments, LLC	---	---	9,545,680	22.55	---	---
Gruçaf Participações S.A.	---	---	740,170	1.75	---	---
Judori Administracao, Empreendimentos e Participacoes S.A.	2,598,581	7.04	8,192,510	19.35	---	---
Latin America Growth Capital	---	---	318,115	0.75	---	---
Railtex Global Investments, LLC	---	---	3,480,945	8.22	---	---
Ralph Partners I, LLC	---	---	10,768,910	25.44	---	---
Spoornet do Brasil Ltda.	145,133	0.39	535,720	1.27	---	---
Uniao Transporte Interestadual de Luxo S.A.	13,350	0.04	827,120	1.95	2,282	0.27
BNDESPAR	938,418	2.54	---	---	---	---
Other Shareholders	31,258,519	84.64	2,842,346	6.71	844,352	99.73
Total	36,931,074	100.00	42,337,736	100	846,634	100

(c) after the Merger of Shares:

Brasil Ferrovias

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
ALL	4,731,051,827	100	1,672,758,809	100	6,403,810,636	100
Total	4,731,051,827	100	1,672,758,809	100	6,403,810,636	100

Novoeste

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
ALL	46,670,083	100	6,934,891	100	53,604,974	100
Total	46,670,083	100	6,934,891	100	53,604,974	100

ALL – Shares

Shareholder	Locked Common Shares	%	Locked Common Shares	%	Total Common Shares	%	Preferred Shares	%	Total	%
Advance Administração e Participações Ltda.	105,665	0.13	17,917	0.02%	123,582	0.12	71,668	0.04	195,250	0.07
Delara Brasil Ltda.	4,980,555	6.36	1,959,156	1.96%	6,939,711	6.93	7,836,624	4.26	14,776,335	5.20
Emerging Markets Capital Investments, LLC	9,545,680	12.19	---	---	9,545,680	9.53	---	---	9,545,680	3.36
Gruçaf Participações S.A.	740,170	0.94	---	---	740,170	0.74	---	---	740,170	0.26
Judori Administracao, Empreendimentos e Participacoes S.A.	8,192,510	10.46	2,598,581	2.59	10,791,091	10.77	10,394,324	5.65	21,185,415	7.45
Latin America Growth Capital	318,115	0.41	---	---	318,115	0.32	---	---	318,115	0.11
Railtex Global Investments, LLC	3,480,945	4.44	---	---	3,480,945	3.48	---	---	3,480,945	1.22
Ralph Partners I, LLC	10,768,910	13.75	---	---	10,768,910	10.75	---	---	10,768,910	3.79
Spoornet do Brasil Ltda.	535,720	0.68	145,133	0.14	680,853	0.68	580,532	0.32	1,261,385	0.44
Uniao Transporte Interestadual de Luxo S.A.	826,550	1.06	13,920	0.01	840,470	0.84	55,682	0.03	896,152	0.32
PREVI	2,531,521	3.23	1,586,965	1.58	4,118,486	4.11	6,347,860	3.45	10,466,346	3.68
FUNCEF	2,425,946	3.10	1,543,261	1.54	3,969,207	3.96	6,173,044	3.35	10,142,251	3.57
BNDESPAR	7,042,533	8.99	5,870,667	5.86	12,913,200	12.89	23,482,668	12.75	36,395,868	12.80

Shareholder	Locked Common Shares	%	Locked Common Shares	%	Total Common Shares	%	Preferred Shares	%	Total	%
Controlling Group Subtotal	51,494,820	65.74	13,735,600	13.71	65,230,420	65.13	54,942,402	29.84	120,172,822	42.27
Other Shareholders	---	---	34,928,970	34.87	34,928,970	34.87	129,190,848	70.16	164,119,818	57.73
Total	51,494,820	65.74	48,664,570	48.59	100,159,390	100.00	184,133,250	100.00	284,292,640	100.00

ALL – Units

Shareholder	Units	%	Pure Common Shares	%	Pure Preferred Shares	%
Controlling Group	13,735,030	29.97%	51,495,390	94.77%	2,282	0.27%
Advance Administração e Participações Ltda.	17,917	0.04%	105,665	0.19%	---	0.00%
BNDESPAR	5,870,667	12.81%	7,042,533	12.96%	---	0.00%
Caixa de Previdência dos Funcionários do Banco do Brasil	1,586,965	3.46%	2,531,521	4.66%	---	0.00%
Delara Brasil Ltda.	1,959,156	4.28%	4,980,555	9.17%	---	0.00%
Emerging Markets Capital Investments, LLC	---	0.00%	9,545,680	17.57%	---	0.00%
Fundação dos Economistas Federais	1,543,261	3.37%	2,425,946	4.46%	---	0.00%
Gruçaf Participações S.A.	---	0.00%	740,170	1.36%	---	0.00%
Judori Administracao, Empreendimentos e Participacoes S.A.	2,598,581	5.67%	8,192,510	15.08%	---	0.00%
Latin America Growth Capital	---	0.00%	318,115	0.59%	---	0.00%
Railtex Global Investments, LLC	---	0.00%	3,480,945	6.41%	---	0.00%
Ralph Partners I, LLC	---	0.00%	10,768,910	19.82%	---	0.00%
Spoornet do Brasil Ltda.	145,133	0.32%	535,720	0.99%	---	0.00%
Uniao Transporte Interestadual de Luxo S.A.	13,350	0.03%	827,120	1.52%	2,282	0.27%
Other Shareholders	32,086,624	70.03%	2,842,346	5.23%	844,352	99.73%
Total	45,821,654	100.00	54,337,736	100.00	846,634	100.00

(xvi) *comparative table of political and equity-related advantages*: the following table compares the political and equity-related advantages for shareholders of the Companies prior to and subsequent to the Merger of Shares:

Item	Before the Merger of Shares (Brasil Ferrovias/Novoeste)	After the Merger of Shares (ALL)
Common Shares:	Each common share confers the right to one vote at Shareholders' Meetings.	Each common share confers the right to one vote at Shareholders' Meetings.
Preferred Shares:	Preferred shares have the following benefits: (a) reimbursement priority should the Company be wound up; (b) priority in the payment of annual, minimum, non-accrued dividends of R\$ 0.01 per preferred share; and (c) dividend payment conditions equal to those attributed to common shares, once the dividends established in item (b) above have been paid to common shares.	Preferred shares have the following benefits: (a) the right to vote on certain matters, those being (i) the transformation, incorporation, merger or spin-off of ALL, (ii) the evaluation of assets associated with capital increase to be made by the Company, (iii) the selection of a specialized company to determine the economic value of the Company's shares, in the case of any public offering of shares, and (iv) amendments to or revocation of any dispositions in the Company's Bylaws that remove from the Company any characteristics laid down in the Regulations of the Bovespa's Level 2 of Corporate Governance; (b) the right to vote on the approval of agreements between ALL and its controlling shareholder; and (c) priority in the reimbursement of their book value should the Company be wound up.
Minimum Dividend:	The right to receive, in every fiscal year, dividends equivalent to 25% of annual net income.	The right to receive, in every fiscal year, dividends equivalent to 25% of annual net income.
Withdrawal Rights:	The right to receive, as reimbursement for those shares held by shareholders who have exercised their withdrawal rights, the amount corresponding to the economic value of said shares.	The right to exercise withdrawal rights at the value of shareholders' equity in the last balance sheet approved by the General Shareholders' Meeting.
Public Offering of Shares	There are no specific requirements in the Bylaws of Brasil Ferrovias and Novoeste.	The Company's Bylaws contain certain specific obligations associated with ALL's listing on the Bovespa's Level 2 of Corporate Governance. In the case of the sale of shares belonging to the Controlling Group (as defined in the Bylaws), the buyer shall, under the terms and conditions laid down by the Comissão de Valores Mobiliários (CVM – Brazilian Securities and Exchange Commission) and by the Regulations governing the Differentiated Practices of Level 2 of Corporate Governance, undertake a public tender offer for the remaining shares, thereby ensuring equal treatment for the other shareholders.

Delisting or Withdrawal from Level 2:	There are no specific requirements in the Bylaws of Brasil Ferrovias and Novoeste.	The delisting of ALL or its withdrawal from the Bovespa's Level 2 of Corporate Governance shall require a public tender offer for those shares held by minority shareholders, the offering price being at least equivalent to the economic value of said shares, in accordance with the terms and conditions established in the Company's Bylaws.
Exclusion of Preference Rights:	There are no specific requirements in the Bylaws of Brasil Ferrovias and Novoeste.	Shares, debentures convertible to shares and subscription bonuses may be issued without the granting of preference rights to existing shareholders provided said issues are undertaken as follows: (i) sale on the stock market or through public subscription; or (ii) exchange for shares, in a public offer for the acquisition of control.

(xvii) *fractions of shares*: fractions of shares resulting from converting the position of each shareholder of the Companies shall be rounded up to the nearest whole number in order not to reduce the shareholdings to which the new shareholders are entitled;

(xviii) *withdrawal rights*: the Merger of Shares shall permit dissenting shareholders of the Companies and ALL to exercise their withdrawal rights. In the case of ALL, however, only common shareholders may exercise said rights, since ALL's preferred shares are dispersed and traded on the market, pursuant to article 137, II, of Law 6.404/76, as amended. The reimbursement value of the shares shall be calculated based on the economic value, as indicated in the Companies' Appraisal Reports, that is superior to their net equity value, equivalent to R\$ 0.2051903 (two million, fifty-one thousand, nine hundred and three ten-millionths of a Real) for each Brasil Ferrovias share and R\$ 1.6976037 (one Real and six million, nine hundred and seventy-six thousand and thirty-seven ten-millionths of a Real) for each Novoeste share. The reimbursement value of the ALL common shares shall be calculated based on the shareholders' equity booked in the Balance Sheet of December 31, 2005, corresponding to R\$ 4.22 (four Reais and twenty-two centavos) per share. Since the said Balance Sheet of ALL was published more than 60 (sixty) days prior to the date on which the Merger of Shares was decided, dissident ALL shareholders may opt to exercise their withdrawal rights and request the drawing up of a special balance sheet for the period in question, pursuant to article. 45, § 2º, of the Brazilian Corporate Law. Only those shareholders who were shareholders on May 10, 2006, the date of publication of the Material Fact cited in the preamble to this Material Fact, and have proof of same, may exercise said withdrawal rights;

(xix) *reciprocal shareholdings*: until the date of the Merger of Shares, ALL shall not retain any shareholdings in Brasil Ferrovias and/or Novoeste, nor shall Brasil Ferrovias and/or Novoeste retain any shareholdings in ALL;

(xx) *declaration of the specialized companies*: the companies responsible for the appraisals referred to in this Material Fact have affirmed that there is no conflict of interests or communion of interests, current or potential, involving: (a) the controlling or minority shareholders of ALL and and/or the Companies, (b) any other company involved

in the Merger of Shares and their respective partners; and/or (c) the transaction that is the object of this Material Fact;

(xxi) *equity variations*: any equity variations occurring in any of Companies shall be maintained in that Company, however the effects on the book value of the shares that are the object of the Merger of Shares shall be reflected in ALL, as equity result;

(xxii) *approval by the ANTT*: the Merger of Shares were duly approved by ANTT (National Ground Transport Agency) on May 31, 2006, pursuant to the dispositions of ANTT resolution # 1471/06;

(xxiii) *submission to the SBDC*: the documents related to the Merger of Shares were presented to the authorities of the SBDC (Brazilian System for the Defense of Competition) on May 29, 2006, and are currently being analyzed by the pertinent bodies;

(xxiv) *public offering of shares*: pursuant to the terms of article 254-A of the Brazilian Corporate Law, as amended, and the pertinent regulations of the CVM, ALL shall prepare a public offering of Ferrobán and Ferronorte voting shares, which shall be the object of a specific Material Fact to be published in due course;

(xxv) *suspensive conditions*: pursuant to the terms of the Investment Agreements, the Merger of Shares shall only become effective if certain suspensive conditions are fully complied with by July 28, 2006, including:

(a) the conversion of Brasil Ferrovias Debentures and ALL Debentures into Brasil Ferrovias and ALL shares, respectively, as in item viii) above;

(b) termination of the Brasil Ferrovias Shareholders' Agreement, entered into on May, 23, 2005, between PREVI, FUNCEF and BNDESPAR; and

(c) procurement of all the corporate authorizations needed to undertake all the corporate acts related to the Merger of Shares.

(xxvi) *relevant documents*: the following documents are at the disposal of the shareholders of ALL and the Companies at their respective corporate headquarters and at the electronic address www.all-logistica.com/ri, where they may be examined and copied, as of this date, between 10:00 and 16:00, from Monday through Friday: (a) minutes of the meetings of the Boards of Directors of ALL and the Companies, which approved the proposal for the Merger of Shares; (b) minutes of the meetings of the Fiscal Councils of ALL and the Companies, with their respective favorable opinions; (c) Protocol of the Merger of Shares, together with the Justification relative to the merger of Brasil Ferrovias shares; (d) Protocol of the Merger of Shares together with the Justification relative to the merger of Novoeste shares; (e) Balance Sheets of ALL, Brasil Ferrovias and Novoeste as of March 31, 2006; (f) ALL Appraisal Reports; and (g) Companies Appraisal Reports.

Should any new material fact(s) arise related to or resulting from the Merger of Shares, ALL and Brasil Ferrovias shall communicate same to the public.

Curitiba and São Paulo, May 31, 2006.

ALL - AMÉRICA LATINA LOGÍSTICA S.A.

Sergio Messias Pedreiro – CFO and Investor Relations Officer

BRASIL FERROVIAS S.A.

Paulo Luiz Araújo Basílio – Investor Relations Officer