



**ALL – AMÉRICA LATINA LOGÍSTICA S.A.**  
Corporate Taxpayers' ID (CNPJ/MF) #02.387.241/0001-60  
Corporate Registry ID (NIRE) #41.3.00019886

**BRASIL FERROVIAS S.A.**  
Corporate Taxpayers' ID (CNPJ/MF) #02.457.269/0001-27  
Corporate Registry ID (NIRE) #35.3.00154002

**FERROBAN – FERROVIAS BANDEIRANTES S.A.**  
Corporate Taxpayers' ID (CNPJ/MF) #02.502.844/0001-66  
Corporate Registry ID (NIRE) #35.3.00155181

**FERRONORTE S.A. – FERROVIAS NORTE BRASIL**  
Corporate Taxpayers' ID (CNPJ/MF) #24.962.466/0001-36  
Corporate Registry ID (NIRE) #51.3.00004453

**FERROVIA NOVOESTE S.A.**  
Corporate Taxpayers' ID (CNPJ/MF) #39.115.524/0001-28  
Corporate Registry ID (NIRE) #35.3.00156200

### **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”); Ferrobán – Ferrovias Bandeirantes S.A., a publicly-held company with headquarters at Rua Doutor Sales de Oliveira, 1380, Vila Industrial, in the city of Campinas, State of São Paulo, Corporate Taxpayers' ID (CNPJ/MF) #02.502.844/0001-66 (“Ferrobán”); Ferronorte S.A. – Ferrovias Norte Brasil, a publicly-held company with headquarters at Av. Historiador Rubens de Mendonça, 2000, sala 308, in the city of Cuiabá, State of Mato Grosso, Corporate Taxpayers' ID (CNPJ/MF) #24.962.466/0001-36 (“Ferronorte”); and Ferrovia Novoeste S.A., a publicly-held company with headquarters at Rua Doutor Salles de Oliveira, 1380-B, Vila Industrial, in the city of Campinas, State of São Paulo, Corporate Taxpayers' ID (CNPJ/MF) #39.115.524/0001-28 (“Ferrovia Novoeste”), pursuant to the provision in the Instruction of the Brazilian Securities and Exchange Commission – CVM #358/02 and in continuity to the (i) joint Material Fact dated as of May 9, 2006 (“First Material Fact”), 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 Rocio, 351 – cj. 31/parte, in the city of São Paulo, State of São Paulo, Corporate Taxpayers' 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, in the newspaper Indústria & Comércio, from Curitiba, edition as of May 11, 2006, and in the Official Gazette of the State of Paraná edition as of May 12, 2006, as well as (ii) the joint Material Fact dated as of May 31, 2006 ("Second Material Fact"), related to the execution, on May 31, 2006, by ALL, Brasil Ferrovias and Novoeste, of the Protocols of Merger of Shares and Justification – Brasil Ferrovias and of the Protocol of Merger of Shares – Novoeste (jointly the "Protocols"), related to the merger, by ALL, of all shares issued by Brasil Ferrovias and Novoeste, respectively ("Merger of Shares"), by means of this Material Fact, hereby report as follows:

1. - Merger of Shares: on June 16, 2006, the General Extraordinary Shareholders' Meetings held by ALL, Brasil Ferrovias and Novoeste approved the Merger of Shares under the terms of article 252 of Law #6404/76 ("Corporate Law"), as set forth in the Protocols and under the terms disclosed to the market by means of the Second Material Fact. With the Merger of Shares, Brasil Ferrovias and Novoeste became ALL's wholly-owned subsidiaries, and the equity control of Ferrobán, Ferronorte and Ferrovia Novoeste started to be indirectly held by ALL.

2. - Conversion of Brasil Ferrovias' Debentures: on June 16, 2006, prior to the approval of the Merger of Shares, the total balance, at that date, of debentures convertible into shares issued by Brasil Ferrovias, issued according to the Deed of the First Issue of Debentures Convertible into Preferred Shares of Ferropasa – Ferronorte Participações S.A. (Brasil Ferrovias's former name), as of July 1, 1999 ("Brasil Ferrovias' Debentures"), in the amount of three hundred thirty million, nine hundred fifteen thousand, eight hundred twenty reais, eighty three cents (R\$ 330,915,820.83), was converted into one billion, six hundred twelve million, seven hundred twenty six thousand, four hundred thirty four (1,612,726,434) preferred shares issued by Brasil Ferrovias, at the issue price of two million, fifty one thousand, nine hundred three tenths of millionth of real (R\$ 0.2051903) per share.

3. - Conversion of ALL's Debentures: also on June 16, 2006, prior to the approval of the Merger of Shares, the total balance, at that date, of debentures convertible into ALL's shares issued according to the Deed of Issue of Debentures Convertible into Shares issued by ALL, as of January 7, 2003 ("ALL's Debentures"), in the amount of thirty million, six hundred seventy four thousand, one hundred eighty three reais and twenty nine cents (R\$ 30,674,183.29), was converted into four million, six hundred ninety two thousand and ninety (4,692,090) shares issued by ALL, of which nine hundred, thirty eight thousand, four hundred eighteen (938,418) were common shares and three million, seven hundred fifty three thousand, six hundred seventy two (3,753,672) were preferred shares, at the issue price of six reais, five hundred thirty seven thousand, four hundred twenty four millionths (R\$ 6.537424) per share.

4. - Increase of ALL's Capital: in view of the Merger of Shares, ALL's capital was increased by one billion, four hundred and five million, thirty two thousand, nine hundred and thirty six reais, eighty eight cents (R\$ 1,405,032,936.88), by means of the issue of (a) twelve million (12,000,000) new registered and book-entry common shares and (b) eight million, eight hundred ninety thousand, eight hundred forty six (8,890,846) new registered and book-entry common shares and thirty five million, five hundred sixty three, three hundred eighty four (35,563,384) new registered and book-entry preferred shares, which, grouped into the proportion of four (4) preferred to one (1) common share, will set up new *Units* issued by ALL. The new shares issued by ALL were subscribed by Brasil Ferrovias' and Novoeste's representatives, on behalf of their shareholders, subject to the respective interests in the Companies' capital at the Merger of Shares date.

5. - Rights of Shares issued by ALL: all shares issued by ALL in view of the Merger of Shares shall be entitled, as from their issue date, to all rights, advantages and privileges inherent in their respective types. Said shares shall be entitled to any dividends and capital compensation paid as from their issue date, that is, June 16, 2006.

6. - Change in ALL's Bylaws: In view of the Merger of Shares, ALL's capital stock increased from seven hundred twenty two million, one hundred eighty seven thousand, eight hundred two reais, ninety one cents (R\$ 722,187,802.91) to two billion, one hundred twenty seven million, two hundred twenty thousand, seven hundred thirty nine reais, seventy nine cents (R\$ 2,127,220,739.79), represented by two hundred eighty four million, two hundred ninety three thousand, nine hundred seventy (284,293,970) shares, of which one hundred million, one hundred fifty nine thousand, six hundred fifty six (100,159,656) were common shares and one hundred eighty four million, one hundred thirty four thousand, three hundred fourteen (184,134,314) were preferred shares, all of them registered, book-entry and with no par value, with the corresponding amendment to article 5 of ALL's Bylaws, at the general extraordinary meeting held on June 16, 2006. As resolved in the same meeting, ALL's authorized capital increased from nine hundred million reais (R\$ 900,000,000.00) to three billion reais (R\$ 3,000,000,000.00), with the corresponding amendment to paragraph one of article 5 of said Bylaws.

7. - Capital Stock after Merger of Shares: After the Merger of Shares, the capital stock of ALL, Brasil Ferrovias and Novoeste started to be distributed to their respective shareholders as stated in the respective tables below:

*Brasil Ferrovias*

Shareholder	Common shares	%	Preferred shares	%	Total	%
ALL	4,731,051,827	100	1,672,758,809	100	6,403,810,636	100
<b>Total</b>	<b>4,731,051,827</b>	<b>100</b>	<b>1,672,758,809</b>	<b>100</b>	<b>6,403,810,636</b>	<b>100</b>

*Novoeste*

Shareholder	Common shares	%	Preferred shares	%	Total	%
ALL	46,670,083	100	6,934,891	100	53,604,974	100
<b>Total</b>	<b>46,670,083</b>	<b>100</b>	<b>6,934,891</b>	<b>100</b>	<b>53,604,974</b>	<b>100</b>

(continued)

*ALL – Shares*

Shareholder	Restricted Common shares	%	Common shares – “free”	%	Total Common shares	%	Preferred shares	%	Total	%
Advance Administração e Participações Ltda.	105,665	0.11	17,917	0.02	123,582	0.12	71,668	0.04	195,250	0.07
Delara Brasil Ltda.	4,980,555	4.97	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	9.53	---	---	9,545,680	9.53	---	---	9,545,680	3.36
Gruçaf Participações S.A.	740,170	0.74	---	---	740,170	0.74	---	---	740,170	0.26
Judori Administração, Empreendimentos e Participações S.A.	8,192,510	8.18	2,598,581	2.59	10,791,091	10.77	10,394,324	5.64	21,185,415	7.45
Latin America Growth Capital	318,115	0.32	---	---	318,115	0.32	---	---	318,115	0.11
Railtex Global Investments, LLC	3,480,945	3.48	---	---	3,480,945	3.48	---	---	3,480,945	1.22
Ralph Partners I, LLC	10,768,910	10.75	---	---	10,768,910	10.75	---	---	10,768,910	3.79
Spoornet do Brasil Ltda.	535,720	0.53	145,133	0.14	680,853	0.68	580,532	0.32	1,261,385	0.44
União Transporte Interestadual de Luxo S.A.	826,550	0.83	13,920	0.01	840,470	0.84	55,682	0.03	896,152	0.32
PREVI	2,531,521	2.53	1,586,966	1.58	4,118,487	4.11	6,347,864	3.45	10,466,351	3.68
FUNCEF	2,425,946	2.42	1,543,261	1.54	3,969,207	3.96	6,173,044	3.35	10,142,251	3.57
BNDESPAR	7,042,533	7.03	5,870,668	5.86	12,913,201	12.89	23,482,672	12.75	36,395,873	12.80
<b>Subtotal – Controlling Group</b>	<b>51,494,820</b>	<b>51.41</b>	<b>13,735,602</b>	<b>13.71</b>	<b>65,230,422</b>	<b>65.13</b>	<b>54,942,410</b>	<b>29.84</b>	<b>120,172,832</b>	<b>42.27</b>
<b>Other shareholders</b>	---	---	34,929,234	34.87	34,929,234	34.87	129,191,904	70.16	164,121,138	57.73
<b>Total</b>	<b>51,494,820</b>	<b>51.41</b>	<b>48,664,836</b>	<b>48.59</b>	<b>100,159,656</b>	<b>100.00</b>	<b>184,134,314</b>	<b>100.00</b>	<b>284,293,970</b>	<b>100.00</b>

*ALL – Units*

Shareholder	Units	%	Common shares – “pure”	%	Preferred shares – “pure”	%
<b>Controlling Group</b>	13,735,032	29.97%	51,495,390	94.78%	2,282	0.28%
Advance Administração e Participações Ltda.	17,917	0.04%	105,665	0.19%	---	0.00%
BNDESPAR	5,870,668	12.81%	7,042,533	12.96%	---	0.00%
Caixa de Previdência dos Funcionários do Banco do Brasil	1,586,966	3.46%	2,531,521	4.66%	---	0.00%
Delara Brasil Ltda.	1,959,156	4.27%	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	4.47%	---	0.00%
Gruçaf Participações S.A.	---	0.00%	740,170	1.36%	---	0.00%
Judori Administração, Empreendimentos e Participações 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%
União Transporte Interestadual de Luxo S.A.	13,350	0.03%	827,120	1.52%	2,282	0.28%
<b>Other shareholders</b>	32,095,315	70.03%	2,833,919	5.22%	810,644	99.72%
<b>Total</b>	<b>45,830,347</b>	<b>100.00</b>	<b>54,329,309</b>	<b>100.00</b>	<b>812,926</b>	<b>100.00</b>

8. - ALL's New Shareholders' Agreement: also on June 16, 2006, Caixa de Previdência dos Funcionários do Banco do Brasil (“PREVI”), Fundação dos Economistas Federais – FUNCEF (“FUNCEF”) and BNDES Participações S.A. – BNDESPAR (“BNDESPAR”) became part of ALL's controlling block, which was derived from the execution, by ALL's controlling shareholders, of a new shareholders' agreement (“New Shareholders' Agreement”). The New Shareholders' Agreement revoked the previous ALL's shareholders' agreement, although basically maintaining the same rules, rights and obligations.

9. - New Members of the ALL's Board of Directors: PREVI, FUNCEF and BNDESPAR started to have the right to jointly elect two (2) members of ALL's Board of Directors, which is composed of eleven (11) members. Two Board Members appointed by PREVI, FUNCEF and BNDESPAR were elected at the ALL's General Extraordinary Shareholders' Meeting held on June 16, 2006.

10. - Withdrawal Right: the Merger of Shares gave rise to the possible exercising of withdrawing from the company by any dissenting shareholders in connection with the resolution made by both the Companies and ALL, and it shall be right that, in relation to ALL, only the owners of common shares may exercise their withdrawal right, since ALL's preferred shares have dispersion and liquidity, as set forth in article 137, II, of the Corporate Law.

11. - Reimbursement Amount of ALL's Shares: the reimbursement amount of common shares issued by ALL was calculated based on the book shareholder's equity value, which, as stated in the Balance Sheet as of December 31, 2005, corresponds to four reais, twenty two cents (R\$ 4.22) per share. Since this Balance Sheet was disclosed over sixty (60) days in relation to the date in which the Merger of Shares was resolved, any ALL's dissenting shareholder willing to exercise its withdrawal right is entitled to request that a special balance sheet be prepared in order to cover said period, under the terms set forth in article 45, § 2, of the Corporate Law. The ALL's General Extraordinary Shareholders' Meeting authorized the Executive Board to prepare said balance sheet with a May 31, 2006 date base and also to engage specialized appraising company Ernest & Young Auditores Independentes to audit such balance sheet. The book shareholder's equity value to be determined based on the Balance Sheet as of May 31, 2006, if requested by a possible dissenting shareholder, will be reported to the market on a timely basis by means of a call notice to shareholders.

12. - Reimbursement Amount of Companies' Shares: the reimbursement amount of shares issued by the Companies was calculated based on the corresponding economic value determined according to the Second Material Fact, which is higher than its book shareholder's equity value, corresponding to two million, fifty one thousand, nine hundred three tenths of millionths of reais (R\$ 0.2051903) for each share issued by Brasil Ferrovias and one real, six million, nine hundred seventy six thousand, thirty seven tenths of millionths (R\$1.6976037) for each share issued by Novoeste.

13. - Procedures for Exercising the Withdrawal Right: any dissenting shareholders may state their position to exercise their right to withdrawal from the company within thirty (30) days counted from the publication date of the minutes of the General Extraordinary

Shareholders' Meetings of ALL, Brasil Ferrovias and/or Novoeste held on June 16, 2006, by forwarding to ALL, Brasil Ferrovias and/or Novoeste, as the case may be, a notice including (a) the name and complete qualification of the shareholder, (b) the number of shares of which it was the owner as of May 10, 2006, the date the operation was disclosed to the market, by means of the publication of the First Material Fact, and (c) the bank account into which ALL shall deposit any funds related to the payment of any reimbursable amount. As set forth in article 137, § 1 of the Corporate Law, only those shareholders with proven ownership of shares of ALL, Brasil Ferrovias and/or Novoeste on May 10, 2006, date the Material fact related to the operation was disclosed, may exercise the withdrawal right referred hereto.

14. - *Public Share Offering*: under the terms set forth in article 254-A of Corporate Law and Brazilian Securities and Exchange Commission - CVM applicable regulation, ALL will request CVM, no longer than July 16, 2006, the registration of the public offering for acquisition of voting shares issued by Ferrobán and Ferronorte, which will be subject to a specific Material Fact to be disclosed on a timely basis.

Curitiba, São Paulo, Campinas and Cuiabá, June 16, 2006.

**ALL - AMÉRICA LATINA LOGÍSTICA S.A.**

Sergio Messias Pedreiro – Financial and Investor Relations Officer

**BRASIL FERROVIAS S.A.**

Paulo Luiz Araújo Basílio – Investor Relations Officer

**FERROBAN - FERROVIAS BANDEIRANTES S.A.**

Paulo Luiz Araújo Basílio – Investor Relations Officer

**FERRONORTE S.A. - FERROVIAS NORTE BRASIL**

Paulo Luiz Araújo Basílio – Investor Relations Officer

**FERROVIA NOVOESTE S.A.**

Paulo Luiz Araújo Basílio – Investor Relations Officer