



ALL - AMÉRICA LATINA LOGÍSTICA S.A.

CNPJ/MF No.02.387.241/0001-60 - NIRE No. 41.300.019.886

BRASIL FERROVIAS S.A.

CNPJ/MF No. 02.457.269/0001-27 - NIRE No. 35.300.154.002

MATERIAL FACT

ALL – América Latina Logística S.A., a Brazilian publicly-held company with its principal place of business at Rua Emílio Bertolini, 100, Cajuru district, in the City of Curitiba, State of Paraná, enrolled in the National Register of Legal Entities (CNPJ/MF) under No. 02.387.241/0001-60 (“ALL”); and Brasil Ferrovias S.A., a Brazilian publicly-held company with its principal place of business at Rua do Rócio, 351, 3rd floor, in the City of São Paulo, State of São Paulo, enrolled in CNPJ/MF under No. 02.457.269/0001-27 (“Brasil Ferrovias”), pursuant to and for the purposes of Rulings (*Instruções*) Nos. 319 and 358 issued by the Brazilian Securities Commission (“CVM”) on December 3, 1999 and January 3, 2002, respectively, hereby make known to their shareholders, and to the market in general that, on May 9, 2006, Caixa de Previdência dos Funcionários do Banco do Brasil (“PREVI”), Fundação dos Economistas Federais – FUNCEF (“FUNCEF”), JP Morgan Partners (BHCA), LP (“JP MORGAN”), BRP FERRONORTE, LLC (“BRP”), GABORONE PARTICIPAÇÕES LTDA. (“GABORONE”) and ALL entered into two Investment Agreements and Other Covenants (*Contratos de Investimento e Outros Pactos*), in addition to other ancillary and related contracts (jointly, the “Contracts”), regulating the terms and conditions by which all shares of stock of Brasil Ferrovias and Novoeste shall merge into ALL (“Transaction”). In accordance with the Contracts, BNDES Participações S.A. - BNDESPAR (“BNDESPAR”) has an option to adhere to the Investment Agreement and Other Covenants relating to the merger of the Brasil Ferrovias shares.

I. DESCRIPTION OF THE TRANSACTION

1.1. The Transaction will create the largest independent logistics company in Latin America, with 960 locomotives, 27,000 wagons, 1,400 highway vehicles and a railway network extending over 20,000 kilometers. The rail network will serve the Brazilian Center-Western and Southern regions, as well as the State of São Paulo, crossing the Argentinean borders to serve the regions of Buenos Aires, Rosário and Mendoza. As a result of the Transaction, ALL activities will cover an area that accounts for 63% of the Brazilian GDP and for 75% of the Mercosur GDP, while also serving six of the most active ports in Brazil and Argentina, including Santos, Paranaguá, Buenos Aires and Rosário. In

2005, these ports accounted for 80% of grain trades in Brazil, and for 78% of grain trades in South America. After the Transaction, ALL will be able to offer also in the State of São Paulo a complete range of logistics services, comprising railway transport, domestic and crossborder door-to-door multimodal transport, dedicated fleet services, and warehousing facilities.

1.2. The Transaction will be structured – pursuant to article 252 of Law No. 6404 of December 15, 1976, as amended (“Brazilian Corporation Law”) – as a merger of all shares representing the capital stock of Brasil Ferrovias and of Novoeste, coupled with all rights inherent to such shares, including those relating to declared or non-declared dividends, stock dividends and any other profit distribution mechanisms.

1.3. Once the Transaction is completed, upon corporate restructuring as a result of the merger by shares, ALL will hold the total capital stock of Brasil Ferrovias and of Novoeste and, as a consequence, will indirectly control the following railway concessionaires: (a) Ferroban - Ferrovias Bandeirantes S.A. (“Ferroban”); (b) Ferronorte S.A. - Ferrovias Norte do Brasil (“Ferronorte”); and (c) Ferrovia Novoeste S.A. (“Ferrovia Novoeste”).

1.4. The value of 100% of the Brasil Ferrovias shares and of 100% of the Novoeste shares underlying the Transaction is R\$ 1,405.0 million, after conversion by BNDESPAR (assuming that BNDESPAR exercises its right to adhere to the Contracts regulating the Transaction) of the total outstanding debt of the Brasil Ferrovias convertible debentures issued under the First Indenture of Debentures Convertible into Preferred Shares of Ferropasa – Ferronorte Participações S.A. (former name of Brasil Ferrovias), dated July 1, 1999 (R\$ 321.6 million as of March 31, 2006).

1.5. As a result of the merger of shares, ALL will issue and deliver to the shareholders of Brasil Ferrovias and Novoeste, in the aggregate, up to fifty-six million four hundred and fifty-two thousand nine hundred and ten (56,452,910) new shares of which twelve million (12,000,000) new common shares that will necessarily be bound by the terms of the ALL Shareholders’ Agreement (“ALL Shareholders’ Agreement”) and, by extension, to the ALL controlling group, *i.e.* not available for market trades, and up to eight million eight hundred and ninety thousand five hundred and eighty-two (8,890,582) new common shares and up to thirty-five million five hundred and sixty-two thousand three hundred and twenty-eight (35,562,328) new preferred shares, in the form of up to eight million eight hundred and ninety thousand five hundred and eighty-two (8,890,582) new Units (*i.e.*, share deposit certificates issued by ALL, each of them representing four (4) preferred shares and one (1) common share of the ALL capital stock, all of which are available for trades on the São Paulo Stock Exchange under code “ALLL11”).

1.6. The new common shares and preferred shares to be issued as per item 1.5 above will be subject to the following restrictions and limitations: (a) the capital stock of ALL shall continue to observe the ratio of one third (1/3) common shares and two thirds (2/3) preferred shares, pursuant to article 15 of the Brazilian Corporation Law before being amended by Law 10303/01; (b) the ALL controlling group shall necessarily hold more than a fifty percent (50%) stake in the voting stock of ALL; and (c) any change in the ALL controlling group and in the respective shareholders agreement shall have been previously approved by the Granting Authority (*poder concedente*).

1.7. PREVI, FUNCEF and BNDESPAR (assuming that BNDESPAR exercises its right to adhere to the Contracts regulating the Transaction) shall jointly receive twelve million (12,000,000) new common shares of ALL being bound to the ALL Shareholders Agreement. In fact, PREVI, FUNCEF and BNDESPAR (assuming that BNDESPAR exercises its right to adhere to the Contracts regulating the Transaction) shall adhere to the ALL Shareholders Agreement and thus join the controlling group, also adhering to the Level II Regulations of Bovespa (*Regulamento do Nível II da Bovespa*). As a result of their adhesion to the ALL controlling group, PREVI, FUNCEF and BNDESPAR will jointly be entitled to elect up to two – out of a total of eleven - members of the ALL Board of Directors. The Transaction contemplates changes in the Companies' management, as to be approved during May 2006.

1.8. As part of the Transaction, PREVI, FUNCEF and BNDESPAR (assuming that BNDESPAR exercises its right to adhere to the Contracts regulating the Transaction) and two out of the current ALL controlling shareholders, Delara Brasil Ltda. and Judori Administração, Empreendimentos e Participações S.A., will refrain from trading, during the period between the date of completion of the merger of shares and May 9, 2007, any of their Units.

1.9. For the purpose of establishing the swap ratio to be adopted for the Transaction, the following shall apply, in principle: (a) the value of two hundred and seven reais and thirteen centavos (R\$ 207.13) for one thousand (common or preferred) shares of Brasil Ferrovias, calculated on the basis of the economic value estimated by the parties for acquisition of the total capital stock of Brasil Ferrovias; (b) the value of one thousand six hundred and ninety-seven reais and sixty centavos (R\$ 1,697.60) for one thousand (common or preferred) shares of Novoeste, calculated on the basis of the economic value estimated by the parties for acquisition of the total capital stock of Novoeste; and (c) the value of twenty-four reais and eighty-nine centavos (R\$ 24.89) per (common or preferred) share of ALL, corresponding to one fifth (1/5) of the weighted average of the closing prices for Units during the thirty (30) trading sessions prior to March 22, 2006, when the ALL submitted its bidding offer to the financial advisors of PREVI, FUNCEF, JP MORGAN, BRP and GABORONE for acquisition of the total capital stock of Brasil Ferrovias and of Novoeste.

1.10. The minority shareholders that are willing to exercise their right to withdraw as a result of the share merger deal shall be entitled to do so as prescribed by law and in the respective bylaws of the companies in which they hold an equity interest.

1.11. Pursuant to article 254-A of the Brazilian Corporation Law and to CVM prevailing regulations, ALL undertook to submit to CVM, in a timely manner, an application for registration of a public offer for acquisition of the voting stock of Ferroban and of Ferronorte. Given the reduced presence of minority shareholders in these companies, ALL will ask CVM to authorize simplified mechanisms for the offer, to be disclosed in due course to the market, after CVM expresses itself in this regard.

1.12. As part of the Transaction, and assuming that BNDESPAR exercises its right to adhere to the Contracts regulating the Transaction, the entire outstanding debt related to (a)

convertible debentures issued by Brasil Ferrovias under the First Indenture of Debentures Convertible into Preferred Shares of Ferropasa – Ferronorte Participações S.A., dated July 1, 1999; and (b) convertible debentures issued by ALL under the Indenture of Debentures Convertible into Shares of ALL, dated January 7, 2003, will be converted into shares of Brasil Ferrovias and – once the merger of all shares of stock of Brasil Ferrovias is completed – into new Units issued by ALL, and into Units issued by ALL, respectively.

1.13. The conclusion of the Transaction is conditioned to the satisfaction of the conditions as detailed in item III below.

II. COMPARISON BETWEEN THE OWNERSHIP STRUCTURE OF THE ALL CONTROLLING GROUP BEFORE AND AFTER THE TRANSACTION

BEFORE THE TRANSACTION – ALL COMMON SHARES

Grupo de Controle	Common Shares	% of the total Common Shares
Advance Administração e Participações Ltda.	105.665	0,14%
Delara Brasil Ltda.	4.980.555	6,36%
Emerging Markets Capital Investments LLC	9.545.680	12,20%
Gruçaí Participações S.A.	740.170	0,95%
Judori Administração, Empreendimentos e Participações S.A.	8.192.510	10,47%
Latin America Growth Capital LLC	318.115	0,41%
Railtex Global Investments LLC	3.480.945	4,45%
Ralph Partners I, LLC	10.768.910	13,76%
Spoornet do Brasil Ltda.	535.720	0,68%
União Transporte Interestadual de Luxo S.A.	826.550	1,06%
Total	39.494.820	50,46%

AFTER THE TRANSACTION – ALL COMMON SHARES

Grupo de Controle	Common Shares	% of the total Common Shares
Advance Administração e Participações Ltda.	105.665	0,11%
BNDES Participações S.A. - BNDESPAR	7.001.128	7,06%
Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI	2.552.406	2,57%
Delara Brasil Ltda.	4.980.555	5,02%
Emerging Markets Capital Investments LLC	9.545.680	9,63%
Fundação dos Economistas Federais - FUNCEF	2.446.466	2,47%
Gruçaí Participações S.A.	740.170	0,75%
Judori Administração, Empreendimentos e Participações S.A.	8.192.510	8,26%
Latin America Growth Capital LLC	318.115	0,32%
Railtex Global Investments LLC	3.480.945	3,51%
Ralph Partners I, LLC	10.768.910	10,86%
Spoornet do Brasil Ltda.	535.720	0,54%
União Transporte Interestadual de Luxo S.A.	826.550	0,83%
Total	51.494.820	51,93%

III. CONDITIONS PRECEDENT

3.1. Closing of the Transaction is conditioned to fulfillment of all conditions precedent

set out in the Contracts, including, among others:

- (a) issuance of an authorization by the National Land Transportation Agency (ANTT), which is required for closing of the Transaction;
- (b) conversion of the debentures referred to in item 1.12 above;
- (c) termination of the Brasil Ferrovias Shareholders Agreement executed on May 23, 2005 by and among PREVI, FUNCEF and BNDESPAR; and
- (d) issuance of all corporate authorizations necessary for performance of all corporate acts inherent to the merger of shares and to execution and delivery of all related documentation, including valuation reports prepared by independent appraisers in the manner prescribed by law.

3.2. Unless all conditions precedent have been duly met and satisfied on or before July 28, 2006, any of the parties to the Contracts may elect to terminate the Contracts without enabling the parties to claim any rights or damages on account of such termination, except in case of negligence or willful misconduct. If the Contracts are terminated as provided for herein, the Transaction shall be abandoned and not completed.

IV. TRANSACTION BENEFITS

4.1. The Transaction is intended to bring a number of benefits for ALL and its shareholders, for Brasil Ferrovias and its shareholders, and for Novoeste and its shareholders. As a result of the Transaction, Brasil Ferrovias and Novoeste will be entitled, jointly with ALL:

- (a) to increase their investments in the respective concessions, in furtherance of the process targeted at improvement and development of the national railway network initiated by privatization of the railway system;
- (b) to support, in an ongoing and consistent manner, the growth in volumes carried through the railway networks of the respective concessionaires, with a view to achieving the targets established by the Granting Authority and to meeting the growing demand for logistics services in Brazil;
- (c) to make the investments required for an ongoing improvement of safety standards and services on the part of concessionaires; and
- (d) to continue abiding by the highest standards of corporate governance, transparency and interface with the governmental authorities and the market at large, which has made ALL a reference in the railway industry.

To the extent that new material facts arise with regard to or as a result of the Transaction, ALL and Brasil Ferrovias will make new disclosures to the public.

Curitiba and São Paulo, May 9, 2006.

ALL - AMÉRICA LATINA LOGÍSTICA S.A.
Sergio Messias Pedreiro – CFO and Investor Relations Officer

BRASIL FERROVIAS S.A.
Silvio Ricardo Valente Taboas – Vice President and Investor Relations Officer