

Joint Venture formation in India

MARCOPOLO S.A.

National Registry of Legal Entity (Tax ID) - CNPJ nº 88.611.835/0001-29
Company Registry Identification Number NIRE nº 43300007235 Publicly held company

RELEVANT FACT

In compliance with the Brazilian Securities and Exchange Commission (CVM) Statement of Instruction number 358/2002, MARCOPOLO S.A. informs that on May 5, 2006 an agreement was signed with TATA MOTORS LIMITED, the largest Indian vehicle assembler, to form a Joint Venture in India, with the main objective of assembly and commercialization of highway, urban, mini and micro buses, seeking to serve the Indian and export markets. The initial investment of the Joint Venture will be US\$ 13.3 million. Marcopolo will hold 49% and Tata 51% of the capital stock, and management will be shared by the two companies. Marcopolo will provide the technology to assemble de vehicle bodies, including design, methods, processes and the industrial management; Tata will provide the chassis and will be responsible for the commercialization of the whole buses. The business start date is set for the month of May 2007. The forecasted revenue of the Joint Venture for the first year is approximately US\$ 98 million, and the forecasted revenue for the fifth year of operation is expected to be US\$ 395 million.

Caxias do Sul, May 05, 2006. Carlos Zignani

Investors Relations Executive Officer