

Contract Execution or Termination

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 Traded Company

RELEVANT FACT

In compliance with Brazilian Securities and Exchange Commission (CVM) Statement of Instruction number 358/2002, we inform that MARCOPOLO S.A. (MARCOPOLLO) and the group METALPAR CHILE (METALPAR CL) will be signing on December 21, 2007 in Buenos Aires, Argentina a contract for sale-purchase of stock issued by the company LOMA HERMOSA S.A, holding corporation controlled 100% by the group METALPAR CL.

With the execution of this acquisition, MARCOPOLO will hold 1% of the capital stock of METALPAR ARGENTINA S.A. (METALPAR AR), and 32.65% of the capital stock of LOMA HERMOSA, holding which in turn holds 98% of the capital stock of METALPAR AR. Considering that according to the law in Argentina the aforementioned acquisition of stock implies the filing of a process before the local antitrust authority (Comisión nacional de defensa de la competencia), it was decided that, although the contract to be signed shall come into effect on January 1, 2008, the effective transfer of stock issued by LOMA HERMOSA to MARCOPOLO will only take place through the registration of such process before the local authority, which shall take place, no later than January 30, 2008.

METALPAR will continue to maintain its current name and will continue to operate in the bus body assembly market, with its own products and models, aiming to commercialize in Argentina and internationally. METALPAR AR is a leader in the production of urban buses in Argentina, and its expected production for 2007 is approximately 1,400 vehicle bodies.

MARCOPOLLO will have partial participation in METALPAR's management, indicating Executive officers.

As per contract clause, MARCOPOLO is still guaranteed the purchase option of an additional 17% of LOMA HERMOSA's capital stock, for a period of up to two (2) years, starting on January 2008.

Caxias do Sul, December 20, 2007.

Carlos Zignani
Investors Relations Executive Officer