ADMINISTRATION REPORT 2002

1. Initial Considerations

In 2002, Marcopolo completed its 53rd year of bus manufacturing activities. The company's consolidated results attest to the positive operational performance of the past several fiscal years. The company surpassed the goals it established for itself, increasing production both at its domestic and overseas units. It accomplished this despite adversities like the economic stagnation in major international markets and domestic economic instability caused mainly by the expectations surrounding Brazil's presidential elections. In the Middle East, Marcopolo became that region's most important supplier of buses. Competitive advantages like product diversity, advanced manufacturing technology, delivery schedules, image, brand and the close relationship it maintains with major chassis assemblers enabled the company to establish itself as the sector's leader on the domestic market. They also helped the company consolidate its position as the largest bus manufacturer in Latin America and one of the biggest in the world.

2. 2002 Highlights

Economic and Financial Indicators

(In R$ million except for percentages and earnings per share)

CONSOLIDATED DATA	2002	2001	Variation (%)
Overall Performance			
Net operating income	1.481,6	1.056,6	40,2
Income from operations in Brazil	549,8	457,7	20,1
Income from operations overseas	931,8	598,9	55,6
Net income	53,8	40,1	34,2
Earnings per share	0,506	0,511	(1,0)
Return on invested capital (1)	49,3%	28,7%	20,6pp
Return on equity (2)	19,5%	18,9%	0,6pp
Operational performance			
Gross profit	372,2	255,8	45,5
EBITDA	237,7	111,4	113,4
Operational profit (before financial results)	212,7	89,9	136,6
Investments in fixed assets	35,4	55,1	(35,8)
Financial Position			
Cash and cash equivalents	392,1	123,4	217,7
Total assets	1.057,0	842,5	25,5
Short term financial liabilities	388,3	261,7	48,4
Long term financial liabilities	213,7	139,8	52,9
Net financial liabilities/Stockholders' equity	61,6%	131,1%	69,5pp
Stockholders' equity	340,2	212,2	60,3
Margins and Indexes			
EBITDA Margin	16,0%	10,5%	5,5pp
Operating margin	14,4%	8,5%	5,9pp
Net margin	3,6%	3,8%	(0,2)pp

(1) *ROIC - Return on Invested Capital;* (2) *ROE - Return on Equity;* pp - Percentage Points.

3. Sector Performance

Brazilian bus production in 2002 was 2% less than in 2001. Production of intercity buses dropped 20.3%, mainly due to the retraction that occurred in Latin America's principal markets. The recovery in production levels of urban buses that began in 2000 continued. In 2002, production was 2.4% higher than in 2001 or 43.4% more than the average posted in 1999/2000 when the worst five-year period performance was registered. Production of mini buses posted a substantial growth of 77.1%, while output of micro buses dropped 8.6%.

Brazilian Bus Body/Bus Production

(Number of Units)

Products/Years	2002	2001	2000	1999	1998
Intercity Buses	4,651	5,834	5,776	3,687	4,696
Urban Buses	12,046	11,758	8,923	7,894	13,280
Micro Buses	2,812	3,078	3,400	1,240	1,571
SUBTOTAL	19,509	20,670	18,099	12,821	19,547
Mini Buses (LCV)	1,789	1,010	-	-	-
TOTAL	**21,298**	**21,680**	**18,099**	**12,821**	**19,547**

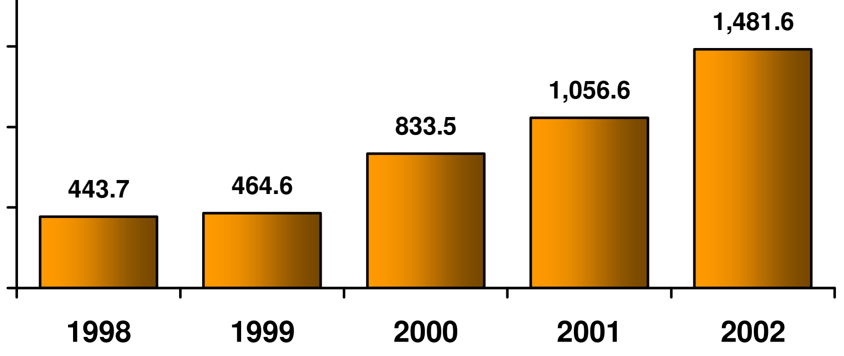
Sources: SIMEFRE and Marcopolo

Notes: - Production figures of mini buses *(LCV - Light Commercial Vehicles)* do not include production of complete units like the Volare and Van models; KD (knocked down) units started being included in the amounts produced as of 2001.

4. Marcopolo's Performance - Consolidated Data

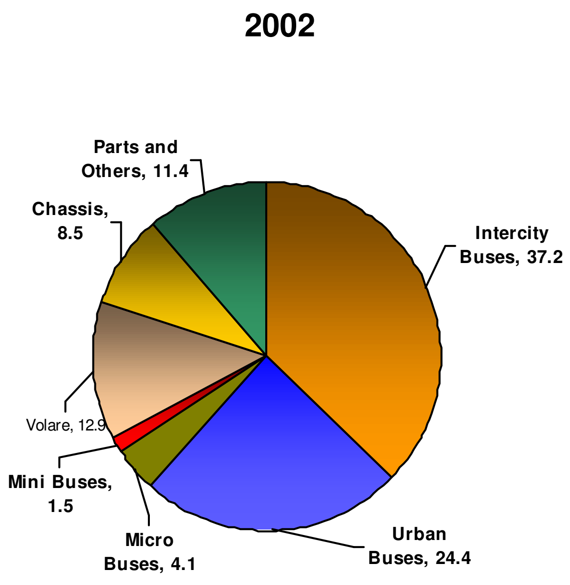
In 2002, net income came to R$ 1.48 billion - 40.2% higher than the R$ 1.06 billion registered in 2001. The retraction in some traditional overseas markets was compensated by the growing demand in other countries - mainly in the Middle East.

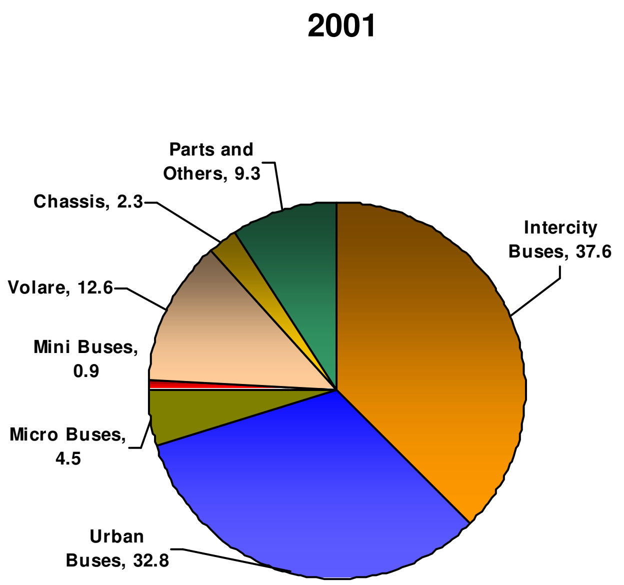
Net Income - R$ Million



4.1 Net Income Breakdown - %

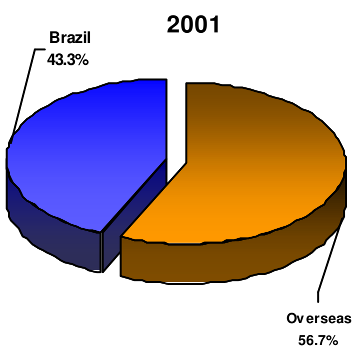
Of total consolidated net income in 2002, 80.1% came from the sale of buses, 8.5% from the sale of chassis and 11.4% from the sale of bus parts and components. The graphic below shows the share each product had in total earnings.





4.2 Domestic/Overseas Market Breakdown (%)

The following graphic shows how the percentage of overseas income, compared to domestic income, has increased.



4.3 Production, Sales and Market Share

To better evaluate market potential, the charts below contain production and sales data in Brazil (Parent Company and Ciferal), and domestic and global production shares (Parent Company and Subsidiaries).

PRODUCTION AND SALES IN BRAZIL - Marcopolo and Ciferal - units

Years	2002			2001		
Products/Markets	DM	EM	TOTAL	DM	EM	TOTAL
Intercity Buses	1,469	1,866	3,335	1,191	1,766	2,957
Urban Buses	3,060	2,307	5,367	3,201	1,895	5,096
Micro Buses	966	395	1,361	981	431	1,412
Mini Buses (LCV)	779	5	784	318	32	350
SUBTOTAL	6,274	4,573	10847	5,691	4,124	9,815
Volare and Vans	2,875	258	3,133	1,883	304	2,187
TOTAL PRODUCTON	**9,149**	**4,831**	**13,980**	**7,574**	**4,428**	**12,002**
TOTAL SALES	**9,348**	**4,858**	**14,206**	**7,474**	**4,384**	**11,858**

Notes: DM = Domestic Market, EM = External Market - Mini bus production figures began being reported as of 2001. Volare and Van (LCV) units are included in Marcopolo's production charts to provide a better understanding of the company's ample production line, production capacity and because they have been entered as part of net earnings. Production of these vehicles are not included in SIMEFRE and FABUS figures, nor in Marcopolo's market share figures or the sector's production figures. External market production figures include KD exports - 2,601 units in 2002 and 2,350 in 2001.

Share in Brazilian Production - Marcopolo and Ciferal - %

Products/Years	2002	2001	2000	1999	1998
Intercity Buses	71.7	50.7	45.8	44.6	51.8
Urban Buses	44.5	43.3	46.1	41.0	31.6
Micro Buses	48.4	45.9	45.9	54.7	59.5
Mini Buses (LCV)	43.8	34.7	-	-	-
TOTAL	**50.9**	**45.3**	**46.0**	**43.4**	**38.7**

Sources: SIMEFRE and Marcopolo
Note: Volare and Vans are not included in market share figures.

GLOBAL PRODUCTION - By Company - Units

Companies	Production	
	2002	2001
BRAZIL		
Marcopolo [(1)]	8,749	7,391
Ciferal	2,630	2,261
TOTAL BRAZIL	**11,379**	**9,652**
OVERSEAS		
Mexico	1,964	1,423
Portugal	96	112
Argentina	-	385
South Africa	204	120
Colombia	1,134	375
TOTAL OVERSEAS	**3,398**	**2,415**
TOTAL	**14,777**	**12,067**

Note: [1] Includes production of Volare and Van models and excludes KD exported units: 2,601 in 2002 and 2,350 in 2001. Data shows production per final assembly site.

GLOBAL PRODUCTION - By Products and Markets - Units

Year	2002		
Products/Markets	**Domestic Market**	**External Market**	**Total**
Intercity Buses	1,469	1,856	3,325
Urban Buses	3,060	2,238	5,298
Micro Buses	966	780	1,746
Mini Buses (LCV)	779	496	1275
Total Bus Bodies	**6274**	**5,370**	**11,644**
Volare/Vans	2,875	258	3,133
Total Production	**9,149**	**5,628**	**14,777**

4.4 Total Net Income - By Products and Markets - R$ Millions

Products	2002		2001		Total	
	Domestic Market	**External Market**	**Domestic Market**	**External Market**	**2002**	**2001**
Intercity Buses	146.951	403.800	102.819	294.537	550.751	397.356
Urban Buses	149.215	212.367	156.866	189,645	361.582	346.511
Micro Buses	36.768	23.447	33.134	14.251	60.215	47.384
Mini Buses - LCV	18.600	5.510	8.258	1.169	24.110	9.428
Subtotal-Bus Bodies	**351.534**	**645.124**	**301.077**	**499.602**	**996.658**	**800.679**
Volares and Vans [1]	173.436	17.157	113.915	19.366	190.593	133.281
Total Bus Bodies/Volare/Vans	**524.970**	**662.281**	**414.992**	**518.968**	**1.187.251**	**933.960**
Chassis [2]	7.898	117.595	12.504	11.658	125.493	24.162
Parts and Others	16.932	151.932	30.204	68.231	168.863	98.435
Total Bus Bodies/parts/others	**24.830**	**269.527**	**42.708**	**79.889**	**294.356**	**122.597**
TOTAL	**549.800**	**931.808**	**457.700**	**598.857**	**1.481.607**	**1.056.557**

Notes: [1] Volare earnings include Volare models; [2] Earnings from chassis refers to units sold, except Volare models.

4.5 Gross Profits, Costs and Margin

Gross profits increased 45.5% to R$ 372.2 million, while net income of R$ 1.48 billion were 40.2% higher than in 2001. Gross margin went from 24.2% to 25.1% in 2002. The devaluation of the real caused non-linear increases in the cost of inputs, which were compensated by increased sales and the impact of a favorable exchange rate on exports.

4.6 Sales Costs

In 2002, sales costs represented 7.9% of net earnings, while in 2001 they represented 9.2%. During the fiscal year of 2002, a R$ 27.6 million reserve for doubtful credits was created. In 2002, this reserve was of R$ 14.3 million. In both years, the reserves were increased refers to credits in Argentina.

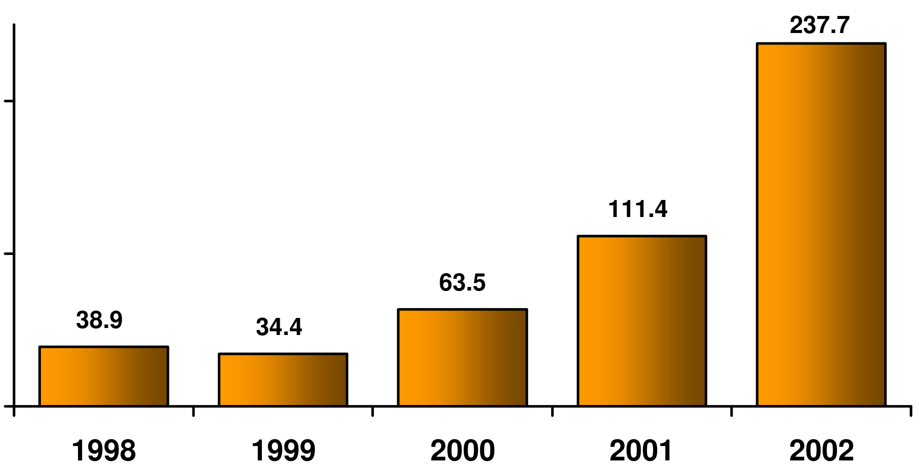
4.7 General and Administrative Costs

In 2002, general and administrative costs of R$ 66.9 million represented 4.5% of net earnings, compared to 4.7% in 2001.

4.8 Operating Results

EBITDA margin went from 10.5% in 2001 to 16.0% in 2002 - R$ 111.4 million to R$ 237.7 million.

EBITDA - R$ million



4.9 Net Financial Results

The parent company's net financial result of minus R$ 47.9 million (financial expenses of R$ 141.9 million and R$ 94.0 million) was substantially impacted by the real's exchange variation vis-a-vis the dollar (from R$ 2.32 in Dec. 2001 to R$ 3.53 in December 2002). This affected funds obtained from advances on export contracts (ACCs) and the R$ 29.1 million in export pre-payments. Nevertheless, the impact of the exchange variation was directly counterbalanced by exchange earnings entered as export revenue.
Consolidated net financial results in 2002 of minus R$ 122.0 million (expenses of R$ 244.9 million and revenue of R$ 122.9 million) was equally affected by the impact of the exchange variation on the parent company's results. They were also affected by an additional R$ 65.8

million loss from the devaluation of the Argentine peso vis-a-vis the dollar - mainly from liabilities of Argentine subsidiaries.

FINANCIAL RESULTS - R$ thousand	Parent Company	Consolidated
	2002	2002
Net Financial Results	(47,951)	(122,026)
Exchange Earnings Recorded as Export Revenue	29,096	29,096
Exchange Losses in Argentina on Dollar - Pegged Liabilities	-	65,813
Normalized Financial Result	(18,855)	(27,117)

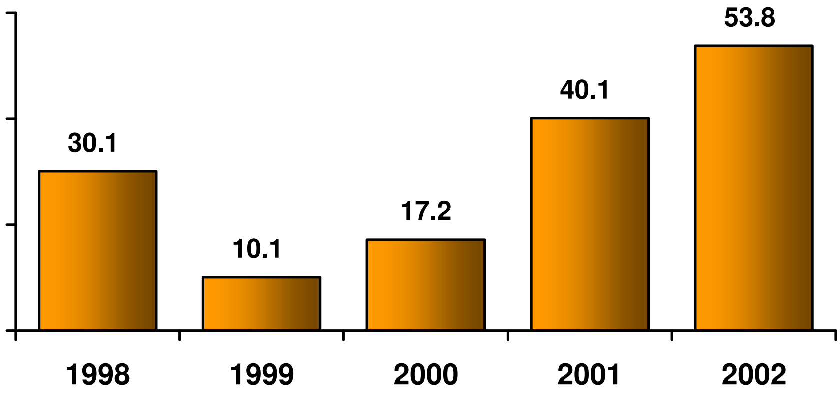
4.10 Other Operating Revenue

The R$ 25.0 million operating revenue posted in 2002 was the result of R$ 37.5 million pertaining to the effects the exchange variation had on overseas investments, minus R$ 4.9 million of the amortization of the premium incurred with the acquisition of Ciferal and minus R$ 7.6 million in tax payments and other operating expenses.

4.11 Net Profits

Net profits in 2002 came to R$ 53.8 million - 34.1% higher than the R$ 40.1 million obtained in 2001. Increased net revenue, the exchange variation of the period and an improved gross margin were the factors that most contributed to this positive result.

NET PROFITS - R$ million



4.12 Cash Generation

Operating activities generated R$ 8.2 million in 2002, compared to the R$ 45.1 million they consumed in 2001. Investments in fixed assets came to R$ 35.4 million, while financial investments amounted to R$ 296.0 million - of which R$ 95.4 million where the result of payment of capital. As a result, the initial cash balance of R$ 123.4 million in January of 2002 rose to R$ 392.1 million at the end of the fiscal year. Additional information on the management of financial resources can be found in the Cash Flow Statement.

5. Value Added Management

The company adopted the Value Added Management (GVA) program to orient the focus of its strategic objectives and operational activities to add value to the enterprise. The GVA system was developed together with the Business Administration School of São Paulo's Getulio Vargas Foundation (EAESP). The GVA program that is rapidly being implemented includes the training of personnel in the use of development instruments and in the measurement and monitoring of the achievement of goals established by the Strategic Plan. It facilitates the simulation and analysis of the efficiency of the management of working capital and of the effects of new investments on the company's profitability. Strict controls on scrap metal, on its reuse, on the wastage of materials, on manpower efficiency and on overtime, improved margins. New logistical and management procedures applied on stocks, accounts receivable and capital investments also led to an increase in the turnover of the working capital. The variable remuneration system used by the company also uses the GVA methodology to evaluate employee performance.

6. Corporate Governance

On September 2002, Marcopolo adhered to the São Paulo Stock Exchange's (BOVESPA) Level 2 of Corporate Governance. With this adhesion, the company committed itself to:

- Provide the market with additional information, divulging an annual calendar of events, agreements with shareholders, option programs, contracts with the same economic group and more detailed financial information.
- Ensure greater transparency in the transaction of shares by company administrators and controlling stockholders.
- Keep in circulation (*free-float*) at least 25% of its shares.
- Make public offerings favoring capital dispersion.
- In the event of the sale of the controlling stake, guarantee shareholders with preferred stock a per share payment of at least 80% of the amount paid to shareholders with a controlling stake. Minority shareholders with ordinary shares would be assured 100% of the value (*tag along*).
- Ensure the right to vote to shareholders with preferred stock in specific matters.
- Maintain an Administrative Council composed of at least five members with a one-year mandate. The company also adhered to Bovespa's Market Arbitrage Chamber Regulation.

The company's Administrative Council is comprised of six members. Controlling stockholders appoint two internal and two external counselors, while minority shareholders and those with preferred stock appoint one independent counselor each. Marcopolo was the first company in Brazil's industrial sector to adopt the corporate management standards and rules required by Bovespa's Level 2 of Corporate Governance. In Feb. 2003, the National Association of Capital Market Investors awarded the company its "Selo ANIMEC Companhia Aberta - 2002 - a seal of approval given to publicly traded companies.

Capital Markets

7.1 Capital Stock: Increase and Structure

On Oct.2, a capital increase of R$ 95,454,547.65 was implemented through the subscription and integration of 4,212,706 publicly offered ordinary shares and 26,090,325 preferred shares. The company's current capital of R$ 225,454,547.65 totals 112,376,889 shares - 42,703,218 ordinary shares (38%) and 69,673,671 preferred stock (62%) - all nominative and book-entry shares without nominal value.

7.2 Performance of Marcopolo's Shares on the Bovespa

The value of the company's preferred stock increased 30.9% in 2002, while the São Paulo Stock Exchange Index devalued 17.8%. During the year, 3.082 transactions were conducted on the stock exchange, compared to 1,617 in 2001. These involved 26,781,200 shares - 90% more than in 2001.

Items/Years	2002	2001	2000	1999	1998
Number of transactions	3,082	1,617	1,404	1,384	856
Shares negotiated (millions)	26.8	17.9	13.2	10.4	18.6
Value of transactions (R$ million)	99.4	47.8	32.2	17.7	30.7
Market value (R$ million) (1)	476.5	266.0	188.8	174.9	90.3
Existing shares (millions) (2)	112.4	82.1	82.1	82.1	82.1
Per share book value (R$)	3.03	2.59	2.59	2.47	2.40
Quotation (R$/per preferred share) (3)	4.24	3.24	2.30	2.13	1.10

Notes: (1) The quotation value of the year's last transaction of preferred shares multiplied by the total number of ordinary and preferred shares at the end of each year was used to determine market value. (2) The company's total number of shares at the end of the fiscal year (3) Preferred share quotation at the last trading session of the fiscal year.

7.3 Interest on Capital

On December 23, 2002, interest on capital credited to shareholders totaled R$ 21,351,608.91 - R$ 0.19 per share. The net value of this interest - R$ 19,418,368.65 - was imputed to mandatory dividend payments declared in advance of the fiscal year of 2002. Payment will begin on March 24, 2003.

7.4 ADR Level I

Marcopolo has an ADR Level 1 program (American Depositary Receipts), which was introduced in the second half of 1996. Each ADR represents 10 preferred shares. This program gives greater liquidity to the Company's shares held by foreign investors.

8. Performance of Subsidiaries

Had it not been for the problems affecting the subsidiaries in Argentina, resulting from that country's difficult economic situation (see statements included in this report), the group of subsidiaries as a whole would have contributed significantly to the parent company's improved results. Note 7 of the financial statement's explanatory notes, describes the performance of each subsidiary.

Special mention should be made of the performance of the Polomex (Mexico) and Ciferal (Rio de Janeiro) units, which despite their relatively recent startup posted substantial results. MVC (Paraná), which uses advanced in RTM (Resin Transfer Molding), Vacuum Forming and Continuous Lamination technologies, also registered positive results. The same can be said for the South African and Colombian units, whose operations are beginning to mature.

9. Operations in Argentina

Operations at the Mapla and Laureano subsidiaries have been paralyzed, which has minimized the costs incurred by these units. Operations will remain at a standstill until that country's economy and its "bus" sector begin showing signs of recovery. The following points are worth highlighting when considering the operations in Argentina:

9.1 The Exchange Devaluation and its Effects

Marcopolo has recognized the losses incurred from the exposure of its Argentine subsidiaries. These losses were the result of the effects the devaluation of the peso had on dollar-pegged liabilities, the effects of the exchange variation on investments in that country and client exposure. The chart below summarizes these losses.

LOSSES INCURRED IN ARGENTINA - R$ thousand	2002	2001
Exchange devaluation on dollar-pegged liabilities	65,813	29,005
Exchange devaluation (valuation) on investments	(23,588)	14,425
Recognition of losses with clients	25,614	12,000
TOTAL	**67,839**	**55,430**

9.2 Marcopolo's Exposure to the Argentine Market

The agreements the Argentine government is negotiating with the International Monetary Fund could lead to new economic scenarios in that country, which is already beginning to show the first signs of recovery. Financial data can be found in the balance sheet and are commented on in topics 9.3 to 9.5.

9.3 Exposure of the Subsidiaries Headquartered in Argentina

Consolidated Balance Sheets of the Subsidiaries in Argentina (Laureano and Mapla) -

Position on December 31, 2002 - R$ thousands

ASSETS		Liabilities	
Current Assets	**15,008**	**Current Liabilities**	**48,126**
Cash and Banks	2,695	Suppliers	1,527
Accounts Receivable from Clients	43,675	Financial Institutions (*)	24,653
Reserve for Bad Credits	(33,953)	Taxes and Social Contributions	2,121
Recoverable Taxes	1,079	Intercompany Payables (*)	18,838
Inventories	1,512	Other Payables	987
Permanent Assets	**1,535**	**Long Term Liabilities**	**20,972**
Property Plant an Equipment	2,771	Financial Institutions (*)	20,972
(-) Accumulated Depreciation	(1,236)	**Shareholders' Equity**	**(52,555)**
TOTAL ASSETS	**16,543**	**TOTAL LIABILITIES**	**16,543**

Note: (*) Accounts in dollars. The values in reais reflect the conversion of $ 3.73 pesos per US$ 1.00 and of R$ 3.53 per US$ 1.00.

9.4 Exposure of the Parent Company and Subsidiaries in Argentina

On December 30,2002, the parent company had R$ 30.2 million worth of guarantees and/or sureties on financing operations for clients on the Argentine market. The parent company and subsidiaries outside Argentina were creditors of R$ 55.5 million worth of accounts receivable in the Argentine market, free of provisions already executed. Both the sureties and the value of the accounts receivable are denominated in dollars and were converted to reais at the rate of R$ 3.53/dollar.

The goods financed and the personal guarantees of the partners of the debt holding companies serve to guarantee the sureties and accounts receivable.

ACCOUNTS - 12/31/2002	US$ million	Em R$ million
Guarantee and sureties	8.562	30.245
Values to be received	15.709	55.490
Total Exposure	**24.271**	**85.735**

Note: See note 21 in the explanatory notes of the financial statements.

9.5 Actions Underway

During the fiscal year of 2002, Marcopolo spared no effort in trying to realize its credits. Thanks to the efforts undertaken by the company and Brazilian exporters, the Brazilian and Argentine governments signed, on July 5,2002, an agreement for the use of the Reciprocal Credit Convention (CCR) that contemplates the re-negotiation of overdue debts Argentine importers have with Brazilian exporters. This agreement became normative with article 3 of Central Bank (BACEN) circular No. 3.158 of October 23, 2002. Meanwhile, BACEN communiqué No.

10.325, of October 25, 2002, established the procedures for the identification of renegotiable credits related to Brazilian exports to Argentina. Such measures have created the possibility of solving existing claims. The chart below contains indicators measured *with* and *without* the Argentine effect.

MAJOR INDICATORS - R$ million -	**2002**	
	Without Argentina	**With Argentina**
Net consolidated income	1.476.0	1.481.6
Gross Profit	370.2	372.2
Operating expenses	(143.8)	(183.1)
Net financial result:	(62.1)	(122.0)
Financial revenue	108.6	122.9
Financial expenses	(170.7)	(179.1)
Exchange variation expenses in Argentina	-	(65.8)
Effect of exchange variation on investments in Argentina	-	23.6
Operating results	164.3	90.7
Net results	127.4	53.8
EBITDA	251.4	237.7
EBITDA over net income	**17.0%**	**16.0%**

10.Investments/Fixed Assets

In 2002, a total of R$ 35.4 million was invested in fixed assets - R$ 18.9 million by the parent company, R$ 7.4 million by Superpolo Colombia, R$ 5.8 million by MVC and R$ 3.3 million by Marcopolo South Africa. These investments were allocated to the modernization of production plants, the development of new products and to the increase production capacity.

11. The Environment

For Marcopolo, ecological awareness and concern for the environment are a relevant part of its social responsibility activities. To centralize its environmental preservation activities, the company created an Environmental Engineering sector in 1996. In recognition of the its conservationist practices, Marcopolo was awarded the “ADVB 2002 Top of Ecology” award. It also received the “Ecology Expression” award, the most important environmental distinction in southern Brazil.

12. People Management

12.1 Human Resources Philosophy

"The human being who is respected, committed and valued is the guarantee of our success." This is one of the principles that guide Marcopolo's activities. The company has always invested heavily to improve methods, processes and people management practices to provide its employees with agreeable work surroundings. Marcopolo's competitive differential is based on each individual's commitment to the enterprise and the opportunities it provides to advance both on a personal and professional level. These in turn create a sense of pride in working for the company.

12.2 Corporate Education

To foster the professional development of its managers, Marcopolo created the CEMEC -the Marcopolo Corporate Education Center in 2001. Its aim is to add excellence to the training programs provided to executives and successors in strategic functions. CEMEC, together with the Business Administration School of São Paulo's Getúlio Vargas Foundation offers a post graduate program in Organizational Management to 130 staff members in all of its units in Brazil and abroad. The course's curriculum is focused primarily on the company's internationalization process.

12.3 Recognition and Reward

The company's strategic remuneration policy is comprised of fixed and variable systems. The fixed remuneration system fosters the gradual acquisition of qualifications and abilities to help the employee advance professionally. The variable remuneration system is based on the participation of each individual in the overall efforts to achieve the company's efficiency goals that have been established jointly with employees. Details on the values involved are found in note 20 of the explanatory notes.

Commemorative events, like the Marcopolo Employee Day and the Merit Honor Award are other forms in which the company recognizes the dedication and work of its employees and their contribution to the success of the organization.

12.4 Social Responsibility

The company has always been committed to the principle of social responsibility and to the actions such a responsibility entails. The "Marcopolo Citizenship Program," which is focused on the health and education of underprivileged children and adolescents, strives to meet the needs of the community. Employees are encouraged to participate in the program as volunteers, for the company believes that these efforts are an important contribution and can make a real difference in the community's future

The several awards received by the company for its activities in the areas of people management and social responsibility represent the public's recognition of the value of these actions to help the community. For the fourth consecutive year, Marcopolo was listed (this time in 7th place) among the "100 Best Companies to Work for In Brazil". This proves that Marcopolo's management practices are on the right track, doing justice to its slogan: "Think Ahead and Build the Future.

“Number of Employees	2002	2001	2000
Parent Company	5,055	4,541	4,253
Subsidiaries in Brazil	2,092	1,890	1,838
Subsidiaries Abroad	1,711	1,245	568
Total	**8,858**	**7,676**	**6,659**
Turnover rate (%) (1)	0.77	0.63	0.69

Note: (1) Parent Company.

13. Awards and Certificates

In 2002, the company received several awards in recognition of its activities in several areas. These awards include:

- “Empresa Modelo do Guia Exame de Boa Cidadania Corporativa” - Revista Exame (Model Company-Good Corporate Citizenship- Exame Magazine Guide);
- “Prêmio Ser Humano Oswaldo Checchia” - ABRH, na categoria Responsabilidade Social Corporativa (Oswaldo Checchia Human Being Award- ABRH-Corporate Social Responsibility Category);
- “Prêmio ABS de Saúde e Segurança” - Associação Brasileira de Segurança (ABS Health and Safety Award- Brazilian Safety Association);
- “As 200 Maiores Exportadoras do Sul” - Revista Expressão (The 200 Largest Exporters in Southern Brazil – Expressão Magazine);
- “Prêmio ADVB de Exportação” - ADVB (ADVB Export Award - ADVB);
- “Top of Mind” - 1º lugar em Caxias do Sul, RS, e 5º lugar no Estado do Rio Grande do Sul - Revista Amanhã (Top of Mind Award - 1st Place in Caxias do Sul, RG and 5th Place in Rio Grande do Sul state – Amanhã Magazine);
- “Certificação OHSAS 18001” - Saúde e Segurança Ocupacional” - DNV (OHSAS 18001 Certificate - Health and Occupational Safety –DNV);
- “Prêmio Qualidade RS” Troféu Prata - PGQP (RS Quality Award - Silver Trophy - PGQP);
- “Prêmio Valor 1000” - Valor Econômico (Value Award 1000 - Valor Econômico newspaper);
- “Destaque Mundial no Desenvolvimento de Inovações em Tecnologia de Plásticos de Alta Performance” - Centro de Tecnologia Europeu (MVC) (World Distinction in the Development of innovations in High Performance Plastics Technology) - European Technology Center - MVC);
- “Prêmio Melhores do Setor Automotivo” - Melhor Encarroçadora e Empresa do Ano - Revista AutoData (The Automotive Sector’s Best Companies Award - The Year’s Best Vehicle Body Manufacturer and Company- Auto Data Magazine);
- “Prêmio Destaque Produto” (Volare) - Revista AutoData (Product Highlight Award - Volare);
- “Destaque no Marketing 2002” (Volare) - ABMN (2002 Marketing Highlight Award -Volare-ABMN);
- “As 100 Melhores Empresas para Você Trabalhar no Brasil” - Revista Exame (The 100 Best Companies to Work for in Brazil - Exame Magazine);
- Selo “Empresa Amiga da Criança” - Fundação Abrinq (Children’s Friend Seal- Abrinq Foundation);
- “Top de Ecologia ADVB 2002” - ADVB (ADVB 2002 Top of Ecology Award - ADVB);
- “Expressão Ecologia”, categoria Controle de Poluição - Revista Expressão (Ecology Expression Award - Pollution Control Category - Expressão Magazine;
- “Certificado de Responsabilidade Social” - Assembléia Legislativa do Estado do RS (Social Responsibility Certificate - Rio Grande do Sul State Legislature).

14. The Segment and the Future

Worldwide, demand for buses as a means of transportation in large urban centers is growing, making mass rather than individual transportation a top priority with the adoption of systems like those found in the Brazilian cities of Curitiba, Porto Alegre, Goiania and Belo Horizonte, and Bogota Colombia. These integrated systems are highly competitive and more advantageous than rail/subway systems, for they have substantially lower costs and are just as efficient.

Furthermore, tourism both in Brazil and abroad tends to use buses for reception purposes. Another important change that is taking place is the growing use of micro and mini buses as an alternative and more selective means of transportation that provides more comfort safety and reduced traveling time. These buses are also efficient as school transportation vehicles.

The company has been playing an active role in trade associations like SIMEFRE, FABUS ANTP, ABRATI, NTU, among others in an effort to prioritize mass over individual transportation. Marcopolo also participates in workshops and seminars and is part of sector chambers that are elaborating a global transportation plan for the country.

15. Outlook for 2003

Considering current domestic and world economic scenarios, Marcopolo is estimating growth of 5.3%, with net income expected to total R$1.56 billion in 2003. Total estimated production could amount to 15,800 units in 2003. The maintenance of the company's competitive advantages that enable it to participate in markets around the world, are the main challenges to the company's continued growth. To leverage new business opportunities continue growing, achieve high performance levels and increase its margins and return on shareholders' investments, the company will continue investing in the strength of the Marcopolo brand, in technology, quality, human resources, the environment, customer and employee satisfaction, in product development and in its internationalization strategy.

To achieve these objectives quickly, the company borrowed US$30 million from the IFC - International Finance Corporation on Feb.27. Through its subsidiary Polomex S.A. de C.V., it borrowed another US$ 8 million. This loan will be paid back in 10 years with a two-year grace period. It will be amortized in half-year payments over an eight-year period. (Relevant fact published Feb.28, 2003).

16. Acknowledgements

The company extends its gratitude to its entire staff for its motivation, dedication and commitment. It also wishes to thank its shareholders for their confidence in the administration and its clients, suppliers, governments and financial institutions for their support.

Caxias do Sul, March 10, 2003.

The Administration.