

Caxias do Sul, March 2, 2009.

MARCOPOLO S.A. – CONSOLIDATED

2008 Earnings

Brazilian Corporate Law



ADMINISTRATION REPORT

To the Shareholders,

In compliance with the corporate provisions, the Company submits for your appreciation the Management Report, the Balance Sheet and Financial Statements of the Company for the year ending on December 31, 2008, along with the Opinions of the Independent Auditors and the Statutory Audit Committee. The financial statements were prepared according to the accounting practices adopted in Brazil, based on the Business Corporation Act, the norms and announcements of the Brazilian Securities and Exchange Commission (known locally as CVM) and by the Independent Auditors Institute of Brazil (IBRACON), including the amendments established by Law 11.638. As will be clearly shown further ahead, such information may refer to consolidated data or that from the holding company. Except when stated otherwise, the data is consolidated and presented in Reais.

1. Operating Context

Marcopolo is a listed corporation with head office in the city of Caxias do Sul, Rio Grande do Sul state, and its main line of business is the manufacture of bus bodies and components. It was founded on August 6, 1949 and is completing 60 years of successful operations.

The product line includes a wide range of models, comprised of the intercity, urban, micro and mini coach groups, in addition to the Volare line (a complete bus with chassis and body).

The buses are manufactured at 13 factories, of which: four are in Brazil (three in Caxias do Sul, in Rio Grande do Sul state, and another in Duque de Caxias, in Rio de Janeiro state) and nine are based abroad: Mexico, Colombia, Portugal and South Africa, besides the joint ventures in Russia, India and Egypt, the latter still under development and expected to startup operations in July 2009. Marcopolo has a relevant stake in SAN MARINO/Neobus (bus bodies), SPHEROS (refrigeration and air conditioning), WSUL (seat foam), METALPAR of Argentina (bus bodies) and MVC - Componentes Plásticos Ltda., a manufacturer of high-technology plastic components, whose control was sold to Arteccla Termoplásticos Ltda., according to material fact sent on September 15, 2008.

In its segment, Marcopolo is a Brazilian market leader and stands out as one of the most important global manufacturers. In 2008, the Company accounted for 39.2% of the Brazilian production. It is estimated that Marcopolo's consolidated production accounts for approximately 7.0% of global production. In addition to the abovementioned companies, Marcopolo also fully controls Banco Moneo S.A., established to give financing support to Marcopolo products.

At the end of 2008, the staff was comprised of 13,364 collaborators (12,372 on 12/31/2007).

2. Performance Indicators

Despite having to face an atypical year, Marcopolo managed to post consistent economic and financial results in 2008. The table below shows the indicators that are considered vital for company management and performance analysis.

Selected Figures
(R\$ million, except where otherwise indicated)

Consolidated Figures	2008	2007	Change
Operating Performance			
Net operating revenue	2,532.2	2,101.1	20.5%
- Revenue from operations in Brazil	1,553.4	1,231.2	26.2%
- Revenue from exports and operations overseas	978.8	869.9	12.5%
Gross profit	474.1	342.6	38.4%
EBITDA	273.5	168.5	62.3%
EBITDA (adjusted) ⁽¹⁾	214.2	216.4	(1.0)%
Net profit	134.4	146.5	(8.3)%
Profit per share	0.603	0.655	(7.9)%
ROIC ⁽²⁾	17.8%	15.5%	2.3pp
Investments on Fixed Assets	132.2	110.6	19.5%
Financial Position			
Cash and equivalents	434.4	566.6	(23.3)%
Short-term financial liabilities	628.4	417.4	50.6%
Long-term financial liabilities	551.7	473.1	16.6%
Net financial liabilities – Industrial Segment	363.8	106.6	241.3%
Net equity	683.5	590.4	15.8%
Net financial liabilities – Industrial Segment/EBITDA	1.3x	0.6x	-
Margins and Indices			
Gross margin	18.7%	16.3%	2.4pp
EBITDA margin	10.8%	8.0%	2.8pp
EBITDA margin (adjusted)	8.5%	10.3%	(1.8)pp
Net margin	5.3%	7.0%	(1.7)pp

Notes: ⁽¹⁾ Adjusted EBITDA excludes gains or losses caused by exchange variations on advances on exchange contracts;

⁽²⁾ ROIC (Return on Invested Capital) = EBIT / (inventory + clients + property plant and equipment - suppliers);
= average;
pp= percentage points

3. Performance of the Bus Sector in Brazil

According to the National Bus Manufacturer Association (FABUS) and the Interstate Union for Railroad and Road Material and Equipment (SIMEFRE), the bus bodies produced by the sector in 2008 totaled 35,410 units, as compared with 32,027 in 2007, up 10.6%. If the production of VOLARE-type vehicles is taken into consideration, domestic production reached 40,480 units or 15.0% up over the 35,186 manufactured in 2007.

Domestic market demand resumed growth in 2008 and increased 14.8% over 2007 (excluding VOLARE), with a volume of 25,171 units. The increase in the number of passengers, in shipping services and the growth of tourism, combined with the greater credit offer due to more favorable financing conditions by the National Development Bank (BNDES), created a favorable environment for the expansion and renewal of the Brazilian bus fleet.

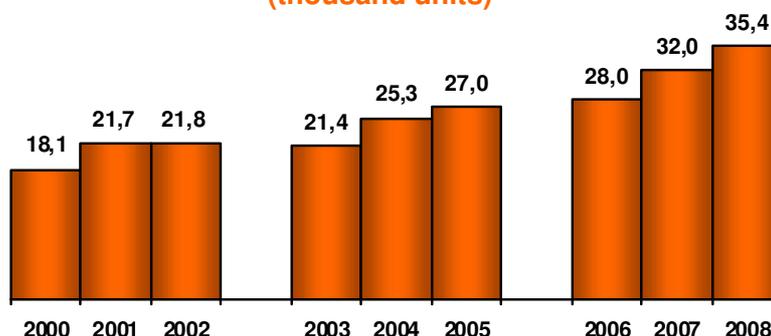
A total of 10,239 units were exported in 2008, up 1.3% over 2007. The decrease in exports of intercity and micro bus body was fully offset by the 13.8% growth in urban bus body exports. The significant appreciation of the Brazilian Real against the US dollar, which lasted until September 2008, together with the strong demand in the domestic market, cooled down export growth.

Brazilian bus production began to grow more significantly in 2004. From 2006 through 2008, the annual average of Brazilian bus production hit 31.8 thousand units, as compared with an average of 24.6 thousand units from 2003 to 2005 and 20.5 thousand units from 2000 to 2002. This shows the notable growth of the bus body industry over the last years.

Nevertheless, Management understands that the Brazilian bus fleet, in addition to being on average quite old, is far from meeting the needs of a country the size of Brazil. It also understands that there is an urgent need to implement projects for urban passenger transport to improve traffic conditions in large Brazilian cities and renew fleets by taking off the streets the outdated buses and replacing them with newer models, which offer more comfort, safety and are more environment-friendly.

The production data of the past three trienniums is shown in the graph below:

BRAZILIAN PRODUCTION BY TRIENNIUM
(thousand units)



Brazilian Production of Bus Bodies/Buses
TOTAL (in units)

Products ⁽¹⁾	2008	2007	2006	2005	2004
Intercity buses	7,863	7,969	6,937	6,989	6,251
Urban buses	22,873	19,343	16,155	15,804	12,727
Micro buses	4,282	4,303	4,217	3,473	5,074
SUBTOTAL	35,018	31,615	27,309	26,266	24,052
Minis (LCV) ⁽²⁾	392	412	643	717	1,228
TOTAL	35,410	32,027	27,952	26,983	25,280

Sources: FABUS (Brazilian Association of Bus Coach Manufacturers) and SIMEFRE (Interstate Association of Rail and Highway Material and Equipment Industries).

Notes: ⁽¹⁾ Since 2001, the exported KD units have been included in the total production;

⁽²⁾ Production figures of mini buses (LCV - Light Commercial Vehicles) do not include production of complete units, such as the Volare.

Brazilian Production of Bus Bodies/Buses - Destination
DOMESTIC MARKET (in units)

Products	2008	2007	2006	2005	2004
Intercity buses	4,457	4,352	3,312	3,463	2,635
Urban buses	17,359	14,497	12,005	8,493	9,338
Micro buses	2,990	2,661	2,452	1,734	3,211
SUBTOTAL	24,806	21,510	17,769	13,690	15,184
Minis (LCV)	365	412	639	630	1,149
TOTAL	25,171	21,922	18,408	14,320	16,333

Sources: FABUS and SIMEFRE.

Note: See table notes – Brazilian Production of Bus Bodies/Buses – TOTAL.

EXTERNAL MARKET (in units)

Products	2008	2007	2006	2005	2004
Intercity buses	3,406	3,617	3,625	3,526	3,616
Urban buses	5,514	4,846	4,150	7,311	3,389
Micro buses	1,292	1,642	1,765	1,739	1,863
SUBTOTAL	10,212	10,105	9,540	12,576	8,868
Minis (LCV)	27	-	4	87	79
TOTAL	10,239	10,105	9,544	12,663	8,947

Sources: FABUS and SIMEFRE.

Note: See table notes – Brazilian Production of Bus Bodies/Buses – TOTAL.

4. Marcopolo highlights

Consolidated net revenue reached R\$ 2,532.2 million in 2008, up 20.5% over R\$ 2,101.1 million in 2007.

Net profit, including the adjustments required by Law 11,638, reached R\$ 134.4 million in 2008, as compared with R\$ 146.5 million in the previous year. Net margin was at 5.3%. If we consider the previous accounting criteria, net profit would be R\$ 161.1 million, up 21.8% over 2007.

EBITDA reached R\$ 273.5 million in 2008, with margin at 10.8%, up 62.3% over R\$ 168.5 million in the previous year. The adjusted EBITDA, due to the exchange rate variation effect on exports, totaled R\$ 214.2 million in 2008, with margin at 8.5%.

The consolidated production of the Company in 2008 was 21,811 units, as compared with 17,807 units in 2007, up 22.5%. Of this total, 16,365 units were produced in Brazil and the remaining 5,446 units were produced abroad.

Dividends / interest on capital. On December 12, 2008, the Board of Directors approved a payment to shareholders, as dividends and interest on capital for the fiscal year of 2008, totaling R\$ 52,077,771.57 (fifty-two million, seventy-seven thousand, seven hundred and seventy-one reais and fifty-seven centavos).

Units considered in net revenue. A total of 21,456 units were registered in net revenue in 2008, of which 16,019 units in the domestic market, representing 74.7% of the total, and 5,437 units in the external market, representing 25.3% of the total, as shown in the table below.

Companies	2008	2007	Change (%)
BRASIL			
Domestic Market	13,264	11,486	15.5
External Market	6,760	6,151	9.9
SUBTOTAL	20,024	17,637	13.5
KD exports not included ⁽¹⁾	(4,005)	(3,534)	13.3
TOTAL IN BRAZIL	16,019	14,103	13.6
OVERSEAS			
Mexico	3,214	2,595	23.9
Portugal	162	188	(13.8)
Russia ⁽²⁾	175	15	1,066.7
South Africa	569	485	17.3
Colombia ⁽²⁾	747	712	4.9
Argentina ⁽³⁾	570	-	-
TOTAL OVERSEAS	5,437	3,995	36.1
TOTAL	21,456	18,098	18.6

Notes: ⁽¹⁾ Bus bodies partially or completely knocked down;

⁽²⁾ Figures consolidate 50.0% of sales;

⁽³⁾ Figures consolidate 33.0% of sales.

5. Marcopolo's Operating Performance - Consolidated Data

Marcopolo's operating performance in 2008, considering the difficulties that arose due to the international financial crisis, mostly in the fourth quarter of the year, was very positive. It is worth pointing out that during the 1st quarter of 2008 Management revised upwards the estimates for consolidated revenue and production for yearend, and both were exceeded. Marcopolo produced 21,811 units in its Brazilian and overseas plants, up 22.5% over the previous year, when production reached 17,807 units.

The year of 2008 was marked by intense economic activity in Brazil and globally. As for the Brazilian economy specifically, the industrial activity was fueled by strong domestic demand mainly due to credit expansion and more favorable financing conditions. The investment grade status granted by two acclaimed rating agencies seemed to offer even more security and to attract investors into the economy.

The heating up of competition in the local bus sector led to the offering of discounts, which squeezed Marcopolo's margins during the first half of 2008. As from the second half of the year, the Company adjusted its price levels in order to improve its profitability, although the immediate consequence market share loss. The result of this price adjustment can be easily seen as from the second half of the third quarter, reflecting in margin improvement, mostly in the fourth quarter.

One of the factors that most hindered the Company's operating performance in 2008 was the implementation of the Nucleus/SAP Project. At first, the new system required operational and cultural changes which brought significant managerial hitches and, consequently, lower efficiency levels. The high costs involved, in addition to other unexpected costs, took a heavy toll on the Company's performance. Marcopolo will in 2009 begin to reap the benefits that the new software for its units in Brazil and overseas, at a managerial as well as operational level.

As part of the internationalization process, Marcopolo chose to use the global sourcing supply model, aimed at producing parts and components where costs are lower, provided that the renowned quality of its products is maintained. Currently, Marcopolo has local suppliers in all the regions where it operates. This policy allows more production flexibility to the company, regardless of the foreign exchange volatility. Marcopolo, by treating its suppliers as business partners, understands that even if the exchange rate becomes more favorable for the export of parts and components from Brazil to its controlled/associated companies abroad, it is of vital importance to rely on local partners to supply at least 20% of the needs of each region.

And it is not only in the matter that involves the supply of parts and components to the units abroad that the exchange rate has a relevant role to the Company. Around 40.0% of Marcopolo's revenue derives from exports and its overseas operations. The steady appreciation of the real against the dollar over the past years, which lasted until September 2008, affected the Company's performance in several aspects and was detrimental to the shipped volume, the nominal value of revenue, the margins and general performance which could have been higher otherwise. Despite the Real having depreciated in the last months of the year, the high currency volatility ends up restricting export volume and revenue gain. Marcopolo, however, is being favored by improved export margins with the current foreign exchange rate levels. Management estimates that the exchange rate will

be stable around R\$ 2.20/US\$ in 2009, which will certainly be a positive factor for the higher profitability of its exports and/or for sales increase.

As for the performance of the overseas subsidiaries and associated companies, they posted a record production volume in 2008. The plants outside Brazil accounted for around 25.0% of Marcopolo's consolidated production, reaching 5,446 units. Once again, Polomex, based in Mexico, stood out in volume produced, with 3,214 units. It is important to highlight that Marcopolo has since January 2008 consolidated 33.0% of Metalpar, an unit located in Loma Hermosa, Argentina. This unit's production in the year, corresponding to this share, added 567 units to Marcopolo.

In India, the first models produced in the new factory in Dharwad began to roll off the line in the 4th quarter of 2008. The delay in the conclusion of the construction work, as well as the legal issues and paperwork needed to meet the requirements of local law, ended up delaying the startup of production of the joint venture with Tata Motors – Tata Marcopolo Motors Limited. The problems, however, have already been solved and the joint venture is already producing and will reach full capacity by the end of 2009.

In Russia, the strong economic recession triggered by the international crisis put a stop to most of the investments and caused a decline in aggregate demand in the country. Influenced by this scenario, the Board of Directors of the joint venture chose to permanently shut down the activities of the plant in Golitsino and temporarily close down the Pavlovo plant. The unification of the production of the REAL models (minibus) and ANDARE (intercity buses) at the Pavlovo plant will significantly cut fixed costs, making the joint venture more profitable, as soon as the market conditions allow it to start up its production again.

On June 25, 2008, Marcopolo S.A. made an agreement with Egyptian-owned GB AUTO S.A.E. to create an association in which Marcopolo S.A. will acquire 49.0% of the capital stock of joint venture GB BUSES S.A.E. (GBB) and GB AUTO S.A.E., 51.0%. The joint venture will be located in Suez, Egypt, and will be aimed at the assembly and sale of bus models that are already manufactured by GB AUTO and the models to be added by Marcopolo. The total investment planned for the next 3 years is US\$ 50.0 million, with operational startup scheduled for July 2009.

Investments in other factories overseas were also made in 2008 and enabled an increase in production capacity to meet the demand in the many regions. Detailed information on the operations of Marcopolo's subsidiaries and associated companies can be found in item 16 - "Performance of Subsidiaries and Associated Companies."

5.1 Consolidated Net Revenue

Consolidated net revenue reached R\$ 2,532.2 million, up 20.5% over the R\$ 2,101.1 million in 2007. Domestic market sales generated a revenue of R\$ 1,553.4 million, up 26.2% over the R\$ 1,231.2 million in the year-ago period, and accounted for 61.3% of total net revenue (as compared with 58.6% in 2007). Exports, added to overseas business, hit R\$ 978.8 million, as compared with R\$ 869.9 million in the previous year, up 12.5%. Revenue by product and target market is shown at the table and graph below.

Total Consolidated Net Revenue - By products and markets (R\$ million)

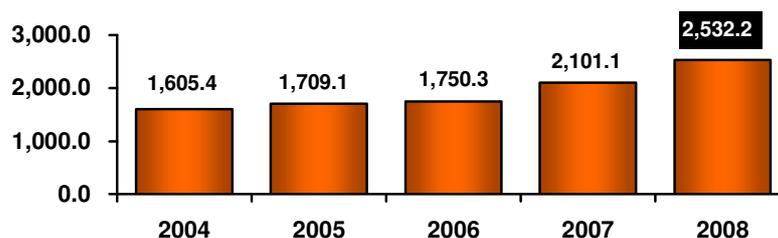
Products ⁽³⁾	2008		2007		Total	
	DM	EM	DM	EM	2008	2007
Intercity buses	426.5	364.7	351.6	352.4	791.2	704.0
Urban buses	361.6	393.4	355.3	258.8	755.0	614.1
Micro buses	83.1	42.4	57.6	53.8	125.5	111.4
Minis - LCV	5.7	3.3	9.7	5.8	9.0	15.5
Subtotal bus bodies	876.9	803.8	774.2	670.8	1,680.7	1,445.0
Volares ⁽¹⁾	544.7	57.8	314.8	37.3	602.5	352.1
Total bus bodies/Volares	1,421.6	861.6	1,089.0	708.1	2,283.2	1,797.1
Chassis ⁽²⁾	0.6	26.6	3.3	59.9	27.2	63.2
Parts and others	131.2	90.6	138.9	101.9	221.8	240.8
Total chassis/parts and others	131.8	117.2	142.2	161.8	249.0	304.0
TOTAL	1,553.4	978.8	1,231.2	869.9	2,532.2	2,101.1

Notes: ⁽¹⁾ Volare revenue includes chassis;

⁽²⁾ Chassis revenues refer to other units sold, except those in Volare revenue;

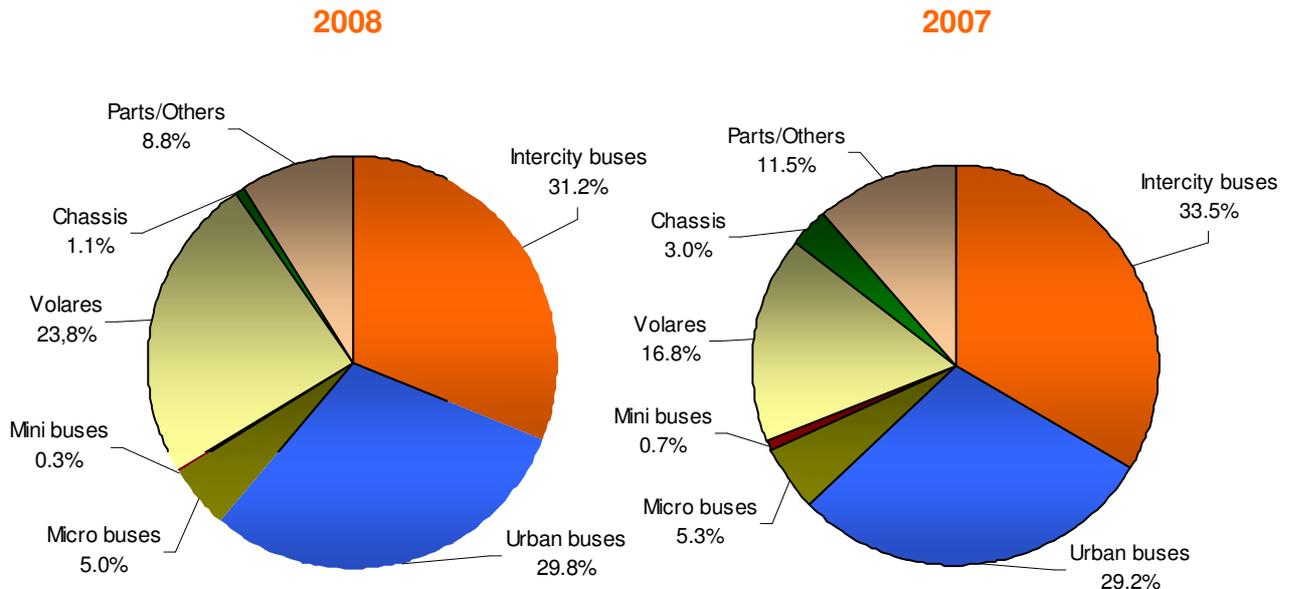
⁽³⁾ DM = Domestic Market; EM = External Market.

Net Revenue (R\$ million)



5.2 Breakdown of Consolidated Net Revenue (%)

Of the total consolidated net revenue in 2008, 66.3% derived from bus body sales, 23.8% from the sale of Volare units, 1.1% from chassis sales and 8.8% from parts, components and Banco Moneo. The graphs below shows the origin of the consolidated revenue by product line (in %) in more detail.



6. Production, Sales and Market Share Data

6.1 Production and Sales

In 2008, the overall production totaled 21,811 units, up 22.5% over the 17,807 units manufactured in 2007. In 2008, 21,456 units were sold, as compared with 18,098 units in 2007. The global production data is shown in the table below:

MARCOPOLO – Consolidated Global Production
By Company (in units)

Companies	2008	2007	Change (%)
BRAZIL			
Marcopolo ⁽¹⁾	15,302	12,764	19.9
Associated companies ⁽²⁾	5,005	4,701	6.5
SUBTOTAL	20,307	17,465	16.3
KD exports not included ⁽³⁾	(3,942)	(3,524)	11.9
TOTAL IN BRAZIL	16,365	13,941	17.4
OVERSEAS			
Mexico	3,214	2,587	24.2
Portugal	165	166	(0.6)
Russia ⁽⁴⁾	175	15	1,066.7
South Africa	560	331	69.2
Colombia ⁽⁴⁾	765	767	(0.3)
Argentina ⁽⁵⁾	567	-	-
TOTAL OVERSEAS	5,446	3,866	40.9
TOTAL	21,811	17,807	22.5

- Notes: ⁽¹⁾ Includes production of the Volare model;
⁽²⁾ Refers, in 2008, to production by Ciferal (3,660) and 39.6% by San Marino (1,345 units), related to Marcopolo's interest in the companies;
⁽³⁾ Bus body partially or completely knocked down;
⁽⁴⁾ Figures consolidate 50.0% of production;
⁽⁵⁾ Figures consolidate 33.0% of production.

MARCOPOLO - Consolidated Global Production
By Products and Markets (in units)

Products/Markets ⁽¹⁾	2008			2007		
	DM	EM ⁽²⁾	TOTAL	DM	EM ⁽²⁾	TOTAL
Intercity buses	2,788	2,184	4,972	2,485	1,856	4,341
Urban buses	5,053	4,629	9,682	4,964	3,292	8,256
Micro buses	1,043	919	1,962	953	951	1,904
Minis (LCV)	54	71	125	90	57	147
SUBTOTAL	8,938	7,803	16,741	8,492	6,156	14,648
Volares ⁽³⁾	4,643	427	5,070	2,830	329	3,159
TOTAL PRODUCTION	13,581	8,230	21,811	11,322	6,485	17,807

- Notes: ⁽¹⁾ DM = Domestic Market; EM = External Market;
⁽²⁾ Total external market production figures include exports by the parent company of partially or completely KD units. In 2008 3,942 units were exported, as compared with 3,524 units in 2007;
⁽³⁾ The Volare units are included in Marcopolo's production tables only for better understanding of the wide product line, production capacity and because they are accounted for in net revenue. Production of these vehicles is not included in figures by SIMEFRE and FABUS, nor in Marcopolo's market share or in the sector production.

MARCOPOLO – Production in Brazil
By Products and Markets (in units)

Products/Markets ⁽¹⁾	2008			2007		
	DM	EM ⁽²⁾	TOTAL	DM	EM ⁽²⁾	TOTAL
Intercity buses	2,788	2,011	4,799	2,485	1,690	4,175
Urban buses	5,053	3,678	8,731	4,964	3,555	8,519
Micro buses	1,043	610	1,653	953	569	1,522
Minis (LCV)	54	-	54	90	-	90
SUBTOTAL	8,938	6,299	15,237	8,492	5,814	14,306
Volares ⁽³⁾	4,643	427	5,070	2,830	329	3,159
TOTAL PRODUCTION	13,581	6,726	20,307	11,322	6,143	17,465

Note: See table notes – Consolidated Global Production – By Products and Markets.

6.2 Market Share

The increased demand for buses in Brazil, mainly over the past 3 years, has spurred investments to boost production capacity and caused competition in the domestic market to heat up. In 2008, Marcopolo's market share in Brazil varied by over 4 percentage points, ending the year at 39.2%, after reaching 43.9% at the end of the 2nd quarter. Marcopolo adopts a pricing policy that pays a fair price for capital, and such practice is not adopted by most of the competitors. During the second half of 2008, the Company changed its prices in order to improve its profitability, although the side-effect was a market share loss. Nevertheless, the 39.2% share of the Brazilian market at the end of 2008 is still within the limit considered to be ideal by Management.

Share in Brazilian Production - Marcopolo/Ciferal (%)

Products ⁽¹⁾	2008	2007	2006	2005	2004
Intercity buses	59.9	51.3	46.4	47.2	56.5
Urban buses	35.1	41.7	41.3	45.7	48.2
Micro buses	26.3	25.8	22.5	23.6	33.4
Minis (LCV) ⁽²⁾	9.7	12.1	18.5	27.8	18.9
TOTAL	39.2	41.5	39.2	42.8	45.9

Sources: FABUS and SIMEFRE

Notes: ⁽¹⁾ This table does not include the interest in San Marino/Neobus;

⁽²⁾ Volare is not included in market share figures.

7. Cost of Goods Sold

In 2008, the Cost of Goods Sold (COGS) totaled R\$ 2,058.1 million, or 81.3% of net revenue (83.7% in 2007). The 2.4 percentage point increase in COGS is largely due to the price adjustments in the local market in the second half of 2008, which caused revenue to grow more in relation to cost, and the appreciation in the U.S. dollar against the Brazilian real in the last months of 2008, which brought more profitability to exports. The price adjustments caused a temporary market share loss but, on the other hand, they had a positive effect on gross margin. After suffering from increasingly tighter export margins, the exchange rate variation increased the profitability of Company exports, although this profitability cannot be guaranteed for all of 2009 due to the volatility of the exchange rate.

8. Sales Expenses

Sales expenses increased 13.3% in 2008 over 2007. However, they declined from 6.1% to 5.8% over net revenue, considering that revenue increased 20.5% in 2008. The nominal increase of R\$ 17.2 million of these expenses arose mostly from higher sales commissions due to a larger volume sold and the inclusion of expenses resulting from new consolidated units of the Company.

9. General and Administrative Expenses

General and administrative expenses totaled R\$ 100.4 million in 2008 compared with R\$ 79.4 million in 2007, and represented respectively 4.0% and 3.8% of net revenue. This variation was due to an increase in the payroll due to collective labor agreements, the amortization of the Nucleus/SAP Project and the inclusion of expenses from the consolidation of new units.

10. Net Financial Income

Net financial income was a negative R\$ 38.9 million in 2008, as compared with a positive result of R\$ 66.7 million in 2007. This result was due to the recognition (non cash) of the exchange rate variation of R\$ 59.3 million from assets and liabilities denominated in dollars and forward transactions carried out in Brazil. These transactions were aimed at covering portfolio orders that totaled US\$ 46.5 million as of December 31, 2008. Financial revenue amounted to R\$ 171.0 million

as compared with R\$ 198.8 million in the previous year, and financial expenses were R\$ 209.9 million in 2008 and R\$ 132.1 million in 2007.

The statement that follows lists the assets and liabilities which are subject to exchange rate variations.

STATEMENT OF POSITION IN US\$ SUBJECT TO EXCHANGE VARIATION

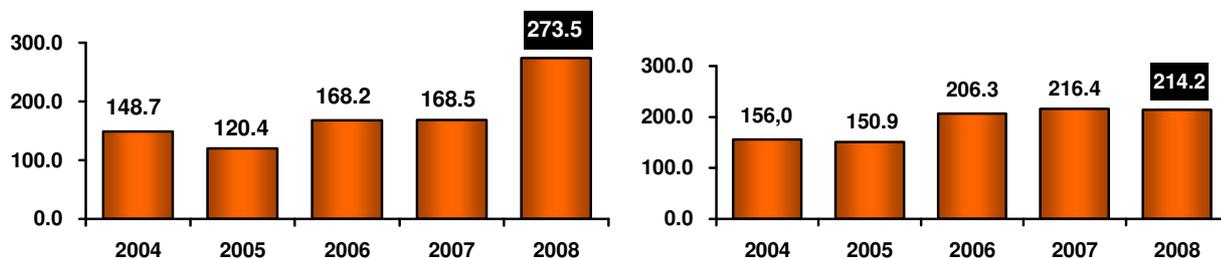
Parent Company	12/31/2008	12/31/2007
	US\$ thousand	
Accounts receivable from clients	102,564	78,427
Current account – Overseas subsidiaries	873	13,143
ASSETS	103,437	91,570
Advances on export contracts – ACE	10,037	-
Advances on export contracts - ACC and pre-payment	71,371	21,013
Forward	63,022	127,911
Loans denominated in foreign currency	5,842	7,139
Commissions and other obligations	5,484	10,612
LIABILITIES	155,756	166,675
NET FINANCIAL BALANCE	(52,319)	(75,105)

11. EBITDA and adjusted EBITDA

EBITDA reached R\$ 273.5 million in 2008, up 62.3% over R\$ 168.5 million in the previous year. The margin stood at 10.8% in 2008 and 8.0% in 2007. The adjusted EBITDA as a result of the exchange rate variation on exports, including the forward transactions aimed at protecting the portfolio orders, totaled R\$ 214.2 million in 2008, with margin at 8.5%.

EBITDA (R\$ million)

Adjusted EBITDA (R\$ million)



EBITDA (R\$ thousand)	2008	2007	2006	2005	2004
Operating Profit	186,779	201,748	176,659	128,023	117,524
Financial Income	(171,022)	(198,771)	(186,357)	(167,807)	(110,419)
Financial Expenses	209,884	132,067	148,025	130,733	112,634
Depreciation / Amortization	47,869	33,409	29,863	29,413	28,928
EBITDA	273,510	168,453	168,190	120,362	148,667
Exchange variation linked to exports	(59,290)	47,932	38,146	30,574	7,298
EBITDA (adjusted)	214,220	216,385	206,336	150,936	155,965

12. Other Operating Revenues and Expenses

In 2008, the net balance of these accounts was a negative R\$ 1.8 million as compared with a positive R\$ 0.9 million in 2007. The largest part of the balance in 2008 is comprised of goodwill amortization paid in the acquisition of San Marino and Metalpar, the implementation of the Nucleus/SAP Project, the credits of tax lawsuits, expenses with lawsuits, divestiture of land and buildings in São Paulo and Caxias do Sul and the sale of the stake in MVC - Componentes Plásticos Ltda.

13. Net Profit

Net profit, including the adjustments of Law 11,638, reached R\$ 134.4 million in 2008 as compared with R\$ 146.5 million in the previous year. Net margin was at 5.3%. If we consider the previous year's accounting criteria, used in the results up to the 3rd quarter of 2008, the net profit would have been R\$ 161.1 million, up 21.8% over 2007.

14. Balance Sheet

The main asset and liability accounts that had significant variations in the balance sheet in 2008 are commented below:

14.1 Current Assets: Customer Account

The balance increased from R\$ 549.6 million on 12/31/07 to R\$ 687.3 million on 12/13/08. This R\$ 137.7 million increase arises partly from the growth of consolidated revenue and partly from financing granted by Banco Moneo totaling R\$ 62.2 million.

14.2 Long-term Assets: Customer Account

The balance increased R\$ 133.7 million and derived from long-term financing by Banco Moneo for Marcopolo customers, with funds from the National Development Bank (BNDES) via Finame, which can be extended by up to six years.

14.3 Liabilities: Loans and Credit

The net financial debt totaled R\$ 745.7 million on 12/31/2008. Of this total, R\$ 363.8 million stemmed from the industrial sector and R\$ 381.9 million from the financial sector.

It is worth pointing out that the financial segment's indebtedness arises from the consolidation of Banco Moneo's activities and must be analyzed separately, given that it has characteristics which are different from those related to the operational activities of the company. The contra account of Banco Moneo's financial liabilities is the "Customers" account in the assets of the Bank. The credit risk is duly provided according to the norms of the Central Bank of Brazil.

Since this is a transfer from the FINAME credit line, every BNDES payment has its exact contra account in the customers receivables account of Banco Moneo.

On December 31, the net financial debt of the industrial segment represented 1.3 times the EBITDA.

15. Operating Cash Generation

In 2008, the operating activities used funds of around R\$ 38.8 million. The investment activities demanded R\$ 66.9 million, of which R\$ 132.2 million used in permanent assets, R\$ 71.0 million generated by long-term financial investments and R\$ 5.7 million used by related parties. The financial activities generated R\$ 44.6 million. Therefore, the initial cash balance of R\$ 495.5 million declined to R\$ 434.4 million at the end of the year. The cash flow statement of the industrial and financial segments is shown in detail in the Explanatory Notes attached to this report.

16. Performance of Subsidiaries and Associated Companies

The company's long-term growth is strongly linked to the international operations. In 2008, the overseas units produced 5,446 units, as compared with 3,866 units in the previous year, a significant growth of 40.9%. This volume represented 25.0% of Marcopolo's consolidated production in the year. The main highlights of the subsidiaries and associated companies abroad and Banco Moneo are shown below:

POLOMEX. Located in Mexico, this is the subsidiary that has the greatest sales volume and the highest revenue of all the subsidiaries and associated companies abroad. The volume produced totaled 3,214 units (an all-time record), as compared with 2,587 units produced in 2007, up 24.2%. The record production was due to a market that demanded strongly during the year, with the large customers undergoing intense fleet renewals and of the success of the new intercity product Multego FL in the market. The new transport system developed by a few state governments, in which POLOMEX participated actively, also contributed to this result. The market share of the company increased to 31.0% of the Mexican market.

SUPERPOLO. Located in Colombia, this overseas unit is currently the second with the largest production volume. In 2008, it manufactured 1,531 units, of which 50.0%, or 765 units, were considered in Marcopolo's consolidated production. In 2007, the production was 1,534 units, of which 767 were included in the

consolidated figures. Therefore, production in 2008 was practically stable in comparison with the previous year-ago period.

PORTUGAL. Production was stable in comparison with 2007 at 165 units, as compared with 166 units in the previous year. Despite the Portugal plant having little representation at the consolidated level, Marcopolo's Management understands that there is strategic value in its location and seeks to bring more economic and financial feasibility to that unit.

SOUTH AFRICA. This plant posted a positive net result in 2008. Production grew 69.2% over 2007, reaching a 33.0% market share in the intercity and urban bus segments. The project to double production capacity of the plant is under way and is expected to be concluded by July 2009. At the end of the year, Marcopolo South Africa won a bid to supply 143 buses that will be part of the first massive transport project in South Africa, called Rea Vaya, in the city of Johannesburg. The company is participating in bids for transport projects, the so-called BRT "Bus Rapid Transit," in many cities of the country and also for the World Soccer Cup in 2010. The demand for buses should grow in view of these projects, although the country is also feeling the effects of the global financial crisis.

RUSSIA. The joint venture was the tenth largest bus manufacturer in Russia in 2008. The Real model, Marcopolo's minibus, was chosen as the best urban transport vehicle in the country at the International Automobile Forum 2008, held in Moscow. Another version of the REAL (on a TATA chassis) was developed and placed for approval at the end of 2008 and is expected to reach an even larger market.

The international financial crisis has had a large impact on Russia's economy. In light of this, the Board of Directors of the joint venture decided in December to close the Golitsino unit. The Pavlovo plant is currently on stand by until more is known about the economic situation and the availability of financing in the country. With the purpose of cutting costs with the unification of the production capacity of two bus models at the Pavlovo plant and the project to nationalize components concluded, the Management understands that as soon as the market conditions allow, the joint venture will be reestablished.

ARGENTINA. Since the company opened, on January 1, 2008, this was the first year of proportional consolidation of Metalpar's production. The 33.0% of Marcopolo's stake in the company led to the consolidation of 567 units a year. In 2008, Metalpar's market share in the Argentine market was 51.5%.

INDIA. The joint venture “TATA MARCOPOLO MOTORS LIMITED” will be Marcopolo’s most important operation abroad, when it is in full swing. The first bus models were delivered at the end of 2008 and received full approval by the passengers as well as by the operators. The first urban bus models were defined, including the “low entry” urban, which will be used in 2010 in the “Commonwealth Games”, in New Delhi. Around 50 specialized Marcopolo technicians currently work on the project under an exclusive dedication basis. TATA allocated another 30 employees who are also highly qualified.

MIC and ILMOT (Trading Companies). Subsidiaries *Marcopolo International Corp.* (MIC) and *Ilmot International Corporation S.A.* have played an important role in the expansion of international business. Its main attributions are: (i) sell company and third-party products; (ii) maintain, coordinate and expand the global network of commercial representatives for the sale of products; (iii) provide technical assistance and post-sale services; (iv) enable participation in fairs and exhibitions; (v) provide the approval of products in several countries; (vi) raise funds equity investments abroad; (vii) centralize the acquisitions and manage the international financial resources; and (viii) mitigate political and exchange risks for the corporation.

BANCO MONEO. The commercial activities of Banco Moneo began in July 2005. The Bank is authorized to operate in investment portfolios, commercial leasing and credit, financing and investments. Currently, the following products are offered: Direct Consumer Credit (CDC in Portuguese), Finame and Finame Leasing, working capital and acceptance of credit, surety and guarantees. With the growth in operations, notably the transfer of Finame funds, during 2008, Banco Moneo posted a net profit of R\$ 11.4 million (R\$ 8.2 million in 2007). Net equity grew to R\$ 97.4 million at the end of 2008 from R\$ 63.7 million in 2007, including a capital contribution by Marcopolo of R\$ 25.0 million. The credit operations registered in the assets of the Bank in December 2008 totaled R\$ 463.0 million (R\$ 294.4 million in 2007). With the addition of granted surety and guarantee operations totaling R\$ 85.6 million (R\$ 45.3 million in 2007), credit operations amounted to R\$ 548.6 million in 2008 (R\$ 339.7 million in 2007), up 61.5%.

17. Corporate Governance

17.1 Practices

Marcopolo adopts the best Corporate Governance practices, in line with the principles of corporate transparency, equity, accountability and responsibility and its shares have been listed on the Level 2 of Corporate Governance of the São Paulo Stock Exchange (Bovespa) since 2002. The Company is linked to the arbitration at the Market Arbitration Chamber, according to the Commitment Clause contained in its Bylaws.

Marcopolo's management is organized based on the distinction between the roles and responsibilities of the Board of Directors, the Statutory Audit Committee and the Executive Committee. The Board of Directors is comprised of seven members, of which three are external and independent, one is elected by the minority shareholders, one by the holders of preferred shares and another by the controlling shareholders. The Statutory Audit Committee is comprised of three members, one appointed by the minority shareholders, one by the holders of preferred shares and one by the controlling shareholders. The functions of each entity are defined in the Bylaws, available at the corporate site of the Company at: http://www.marcopolo.com.br/novo/mpsa/r_gov.asp. For assistance, opinions and support of the business, the Board of Directors began to rely on the Executive Committee, created in March of 2006 after the restructuring of the Bylaws, as well as created the following committees: (i) Auditing and Risks; (ii) Human Resources and Ethics; and (iii) Strategy and Innovation, with technical and consulting positions other than those established for the Executive Committee. The Company grants fair and equal treatment to all the minority groups whether they are shareholders or stakeholders, such as collaborators, customers, suppliers and creditors. For the disclosure of information, it adopts high standards of transparency to guarantee an environment of trust, internally, as well as in relations with third parties. It strives to hold to account and present its financial statements always in line with the strictest technical standards, according to the accounting standards adopted in Brazil, based on the Business Corporation Act, the norms and announcements of the Brazilian Securities and Exchange Commission (CVM) and by the Independent Auditors Institute of Brazil (IBRACON). In order to enhance the information offered to the market in general and, in particular, to the foreign shareholders, the Financial Statements will also be drawn up in accordance with the International Financial Reporting Standard (IFRS). At the start of every year, the Company releases the annual calendar of corporate events and encourages shareholders to attend its shareholder meetings. In 2008, it held

meetings with the Association of Capital Markets Investment Analysts and Professionals (APIMEC) in Sao Paulo, Rio de Janeiro and Porto Alegre. It aims at actively participating in events and conferences for investors, organized by investment banks and institutions linked to the capital markets, in Brazil as well as abroad. The Company reports its earnings every quarter and organizes conference calls with the attendance of its main executives to better explain its results and strategies. Marcopolo's relationship with its shareholders and potential investors is supported by the Investor Relations area. In 2008, local and foreign analysts were attended and numerous telephone contacts were made. Marcopolo's Investor Relations website is always updated and has enough content to meet investor needs.

17.2 Council of Heirs

Marcopolo has a formal Council of Heirs based on its Succession Plan. The future heirs are being trained to take up positions in the Board of Directors. The management of the company will continue to be headed by the Executive Board, in that which refers to the operating areas of the Company.

18. Intangible Assets

Over the years the company has developed and has been enhancing its own knowledge and know-how, today considered to be an important competitive edge. These improvements include, among others, technological autonomy, which enables the bus bodies to be designed and developed in accordance with the legal technical norms in effect in the target markets and, also, with the individual specifications of companies that operate in different locations and with different modes of passenger transport. The human capital, represented by the staff of 13,364 collaborators on 12/31/08 (12,372 on 12/31/2007), has both technical skills and experience, which combined create an important competitive edge in an industry that still relies heavily on the artisan work and the intense use of manual labor. The in-house technological manufacturing process, unique in the sector, complements the advantages of manufacturing efficiency and costs. The vast network of representatives in Brazil and the world is in charge of company sales. The MARCOPOLO brand is valued for its image of stability, security, leadership, internationalization, and especially, for the resale value that it assures to its products. The company owns many trademarks in Brazil and in the main countries where it sells its products. The main trademarks are: *Marcopolo*, *Volare*, *Ciferal*, *Paradiso*, *Viaggio*, *Andare*, *Ideale*, *Viale*, *Torino* and *Sênior*. These factors, despite not being alone, have an economic value that is difficult to measure and are not recorded in the assets of the company.

19. Independent Auditors

19.1 Independent Auditors

In 2005, the company rotated its auditors and hired PricewaterhouseCoopers – Auditores Independentes, with head office at Rua Mostardeiro, 800, 8th and 9th floors, in Porto Alegre (RS), to replace KPMG Auditores Independentes.

19.2 CVM Instruction 381/03

In compliance with CVM Instruction 381/03, paragraph I and IV of article 2, Marcopolo declares not to have any other agreements with its Independent Auditors that are not related to the auditing of the Financial Statements of the company released and sent to CVM. This practice is founded on internationally accepted principles that external auditors must not audit their own services and perform managerial jobs nor promote the interests of the company.

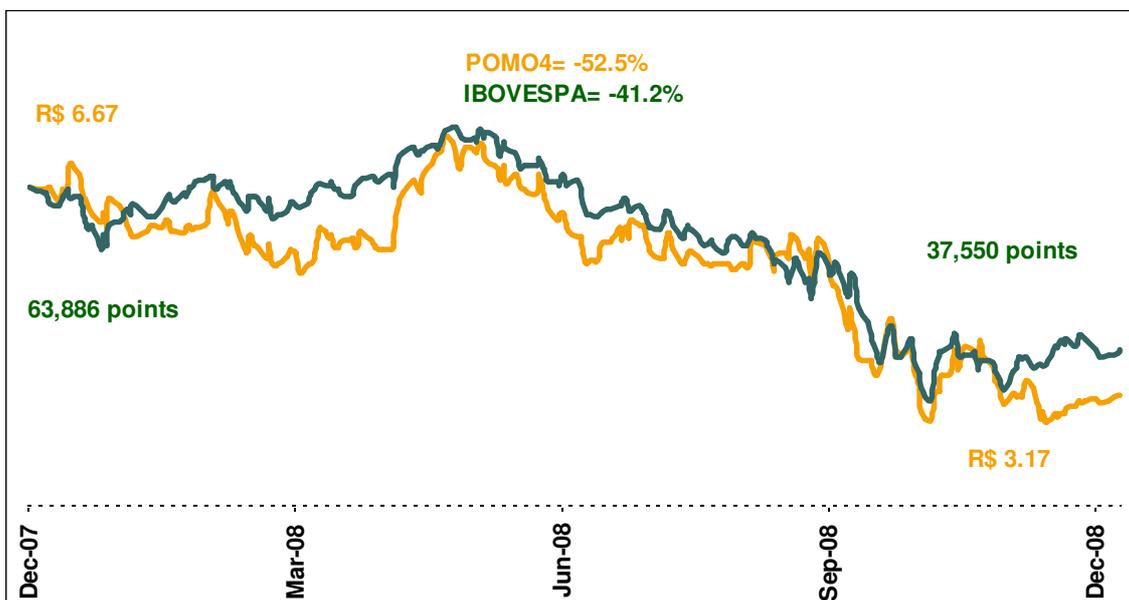
20. Capital Markets

20.1 Capital Stock

The capital stock of the company is R\$ 450.0 million, divided into 85,406,436 common shares (38.1%) and 138,818,585 preferred, nominative, book-entry shares (61.9%) with no par value.

20.2 Marcopolo Stock Performance at the São Paulo Stock Exchange (Bovespa)

The liquidity of the Marcopolo shares had been increasing in the past years until mid 2008, when the more prominent effects of the international financial crisis began to affect the shares listed at Bovespa. In 2008, 58,624 trades were carried out, up 13.6% over the 51,606 trades in 2007, and a total of 90.9 million shares were traded. Trades with Marcopolo shares turned over R\$ 512.0 million in the year. The preferred share (POMO4) quotation, as well as the stock market as a whole, suffered a heavy loss due to the crisis and had a depreciation of 52.5% in 2008, quoted at R\$ 3.17 on 12/31/08. However, the increasing participation of foreign investors in Marcopolo's capital stock is evidence of the public's trust in the future performance of the Company. On 12/31/08, the overseas shareholders held 53.4% of the preferred shares and 33.0% of the total outstanding shares. The graph and table shown below illustrate the progress of the indicators in relation to the capital market:



Indicators	2008	2007	2006	2005	2004
Number of trades	58,624	51,606	20,319	11,878	11,057
Traded shares (million) ^(*)	90.9	119.6	114.7	93.4	90.3
Traded value (R\$ million)	512.0	863.8	424.8	247.8	266.5
Market value (R\$ million) ⁽¹⁾	710.8	1.495.6	1.181.7	556.0	607.6
Outstanding shares (million) ^{(2) (*)}	224.2	224.2	224.2	224.2	224.2
Book value per share (R\$) ^(*)	3.07	2.65	2.42	2.10	1.94
Quotation (R\$ / preferred share) ^{(3) (*)}	3.17	6.67	5.27	2.48	2.71
Interest on Equity (imputed to dividends) and Dividends (R\$/share) ^(*)	0.234	0.335	0.225	0.190	0.170

Notes: ⁽¹⁾ The market value was calculated through multiplication of the last closing price of the preferred book entry share in the period by the total number of shares in the referred period;

⁽²⁾ Total number of shares at the end of the period. Of this total, on December 31, 2008, 1,384,749 preferred shares were Treasury shares;

⁽³⁾ Preferred book-entry share quotation on the last trading session in the period.

^(*) The figures have been updated to reflect the 100% bonus granted following a Board meeting held on 08/25/06.

21. Dividends / Interest on Equity

At a meeting held on December 12, 2008, the Board of Directors approved the payment of interest equity and dividends to the shareholders totaling R\$ 52,077,771.57 (fifty-two million, seventy-seven thousand, seven hundred and seventy-one reais and fifty-seven cents). Of the total mentioned, R\$ 37,258,893.48 or R\$ 0.1672 per share will be paid for interest on equity and R\$ 14,818,878.09 or R\$ 0.0665 per share for dividends, both in the fiscal year of 2008. The Company shares began to be traded ex-interest and ex-dividends as of December 15, 2008 and the amount will be paid starting from March 27, 2009. The total amount distributed accounts for 38.7% of the net profit of the year.

22. Investments / Fixed Assets

In 2008, Marcopolo used R\$ 132.2 million for capital investments in different units, of which R\$ 14.4 million of goodwill paid in the acquisition of the stake of Metalpar in Argentina, R\$ 7.5 billion in pre-operating expenses in India and R\$ 9.3 million in software. Additionally, it invested R\$ 101.0 million on fixed assets, of which R\$ 8.9 million on land and buildings; R\$ 57.8 million on productive machinery and equipment; R\$ 6.3 million on computer equipment, vehicles, furniture and utensils; and R\$ 28.0 million on constructions in progress. The investments are decided based on their return rates and, therefore, are constituted as an important source of results.

23. Environmental Management and Certification

Marcopolo makes progress towards sustainability. The initiatives to minimize and control the impact arising from its activities are continually evaluated and improved. Ongoing intervention in the processes, with a view to making better use of raw materials, the curtailment of water and electricity and the minimization of residue, effluent and emission generation, allied to the proper treatment and final disposal of residue assure the continuous improvement of results. Marcopolo's environmental management system is certified by ISO 14001 and is fully integrated with the other certifications: ISO 9001 - Quality, OHSAS 18001 – Health and Safety and SA 8000 – Social Responsibility. In 2008, the company celebrated the Global Environment Day by giving to all the collaborators of units in Brazil several types of seeds and a pamphlet explaining how to build a home compost heap to transform food waste into humus for the planting of seeds. The goal of this campaign is to

reinforce the concept that recycling and reuse of material is considered today to be one of the most important actions for sustainable development.

24. Value-Added Management

Marcopolo continues to be committed to creating value for its shareholders by identifying and investing in projects that promise a return beyond their weighted average capital cost. In parallel, the Balanced Scorecard (BSC) concepts are used to translate the strategy of each unit into objectives, drivers, targets and plans of action, which are monitored and managed regularly. The GVA/BSC tools, besides being used to measure efficiency in the management of strategies, evaluate the operating performance and provide the groundwork for the Variable Remuneration Plan of the officers.

25. Social Responsibility

Marcopolo and its collaborators develop social responsibility under the supervision of the Marcopolo Foundation. The *SuperAção* Program is aimed at promoting the social development of children and teenagers in the communities where the company has plants, including education and health-oriented projects. The *Escolas* (Schools) Project, aimed at improving the school environment, was set up in two schools and included around 800 students and teachers. The *Voluntários* (Volunteers) Program took part in five Educational Centers and in two resting homes, including social-educational activities, remodeling of premises and campaigns to collect food and medications for 800 children and 90 elderly people. On Children's Day, the traditional event dubbed *Um Dia Feliz* (A Happy Day) brought together youngsters from institutions and schools supported by the volunteers during a festive afternoon with leisure activities and the distribution of snacks. The Marcopolo Foundation also makes monthly donations to community health and education institutions, with emphasis on the support given to the Oncology department of Hospital Geral in Caxias do Sul, which cares for patients from the public healthcare system (known locally as SUS)

With funds from the Rouanet Law for the Incentive of Culture, the *Recria – Fazendo Arte Educação* (Recreate – Doing Educational Art) Project was sponsored and has been under way since 2004 in the city of Caxias do Sul. It also fostered the *Epopéia Imigrante* (Immigrant Epic) project which tells the story of the Italian immigration to the Caxias do Sul district of Ana Rech. Marcopolo, Banco Moneo and Ciferal transferred 1.0% of the Income Tax due to the Municipal Fund for Children and Teenager Rights in the cities of Caxias do Sul in Rio Grande do

Sul state and Duque de Caxias in Rio de Janeiro state, where the company has manufacturing units.

The educational campaign executed internally resulted in the allocation of 6.0% of the income tax of 80 collaborators of the company, totaling approximately R\$ 229,580.00, which will be used for Industrial Learning programs aimed at teenagers serviced by *Recria - Rede Caxiense de Atenção à Criança e ao Adolescente* (Recreate – Caxias do Sul Network for Children and Teenager Care)

26. People Management

26.1 Satisfaction of the Collaborators

The satisfaction of the collaborators of the company is measured through the internal Organizational Climate Survey, which is carried out every two years. In the last survey, held in November 2007, the general satisfaction index at its units in Caxias do Sul (Rio Grande do Sul state) was 81.0%. The other units that carried out surveys in 2008 were Superpolo, with 64.0%, MASA, with 72.0%, Polomex, with 70.0%, MVC São José dos Pinhais, with 82.0%, and Ciferal with 76.0% of satisfaction. Improvement actions are implemented as a means to promoting good work environments and correcting any possible weak points pointed out in the surveys.

26.2 Education and Training

The training programs given by the company are for the production, techniques and administrative areas, with the constant offer of courses that meet the professional development needs. Company leaders participated in specific programs geared towards the management of people. Additionally, the High Performance Management Program was also put into practice, in partnership with the Dom Cabral Foundation, which enabled certain functions to be raised to the managerial levels of the company. In turn, the board participated in the Amana-Key APG Senior, a comprehensive program for the development of executives.

As part of its education policy, the company encourages its collaborators to build up their careers through the gradual acquisition of functions and know-how. Besides the training programs, the company offers scholarships for all levels of schooling, including language courses.

The Marcopolo professional training school, created in 1991 offers courses for the industrial training of youngsters, including those in socially vulnerable situations, by

offering benefits, first paid job and access to the career plan of the company. In 2008, the first EFPM unit was opened outside the premises of the company, totaling four units in Caxias do Sul, Rio Grande do Sul state, and one unit in Duque de Caxias, Rio de Janeiro state. In 2009, a unit will be opened at MASA (South Africa). Currently, EFPM has 135 enrolled students.

26.3 Career Plan

The company's career plan was structured so that professionals can grow within the job through the training for activities that require additional knowledge and skills. In turn, the Internal Recruitment Program (known as PRIMAR) increases access to jobs of greater complexity. Job openings are announced internally so that the interested collaborators can participate in the recruitment. Approximately 90.0% of the job openings are filled this way.

26.4 Remuneration and Option Plan for Share Acquisition

The remuneration of the collaborators is comprised of a fixed part linked to skills and abilities and a variable part, defined by the achievement of targets in the Profit Sharing Program. Periodically, salary surveys are carried out to evaluate if the amounts paid to the collaborators are situated within the regional brackets, assuring that the company maintains its competitiveness in the job market.

The shareholders gathered in the Extraordinary Shareholders' Meeting on December 22, 2005 approved the "Option Plan for Share Acquisition." The regulation that governs the matter is available at www.marcopolo.com.br, www.cvm.gov.br e www.bovespa.com.br. The plan, whose participants are officers and collaborators with management attributions in the company and its subsidiaries (except the controlling officers), has the main following objectives: (i) align the interests of the participants to those of the shareholders; (ii) commit the participants to the short, medium and long-term results of the company; (iii) incentive and encourage the feeling of ownership; and (iv) attract and retain talent. The Plan is overseen by the Board of Directors.

26.5 Quality of Life

The life quality programs aimed at the collaborators and family members are different at each company unit, respecting the characteristics of the local culture. For example, in Mexico and Colombia, manual workshops are held, activities with children and sports championships, while in South Africa, the focus is on health programs. In Brazil, the *VidaConvida* (Live Invites) Program, developed by the

Marcopolo Foundation, offers many leisure, cultural and sports activities that promote quality of life. In Caxias do Sul (Rio Grande do Sul state) there is a recreational center with a multiple sport gym, sports courts, party house, warehouse for CTG (Gaucho Tradition Center), barbecue areas and a children's park. Ciferal's recreational center, in Duque de Caxias (Rio de Janeiro state), is in the last stages of construction.

27. Staff

Nr. Collaborators	2008	2007	2006	2005
Parent Company	6.685	6.005	5.269	5.549
Subsidiaries in Brazil	3.931	3.918	2.972	3.048
Subsidiaries Abroad	2.748	2.449	1.848 ⁽²⁾	1.939 ⁽²⁾
Total ⁽¹⁾	13.364	12.372	10.089	10.536
Turnover Rate (%) ⁽³⁾	1,18	0,89	1,05	1,08

Notes: ⁽¹⁾ Includes employees of subsidiaries/associated companies proportionally to Marcopolo's interest;

⁽²⁾ Only considering 50.0% of Superpolo's (Colombia) staff, in order to reflect the proportional interest in that unit;

⁽³⁾ Parent company.

28. Expectations for 2009

According to a notice released by the Company on December 15, 2008, the guidance for 2009 is: (i) reach consolidated net revenue of R\$ 2.6 billion; and (ii) produce 23,000 buses at the units in Brazil and abroad. Investments in fixed assets will demand resources of around R\$ 100.0 million. The estimates will be revised throughout the year if and when the conditions point to a need to do that.

After reviewing the business plan of 2009, Management took into account that the year began with many uncertainties. Until mid September 2008, the significant growth in the Brazilian industry was spurred by the good momentum of the local economy, with an increase in income, employment, inflation control, the greater offer of credit with improved financing conditions and the excellent performance of exports. After the cooling down of the domestic market, combined with the drop in exports, the industry will have to adapt quickly to the new production levels, whose effects will be felt mainly in the first months of 2009. Although most of the market analysts estimate that the economy will recover and the growth will be resumed as of the second half of this year, estimates for the evolution of Brazil's GDP in 2009 point to a very conservative figure, under 2.0%.

The external scenario is even more worrying, with large economies already facing a recession. The governmental plans to revive the economy announced by several countries worldwide have not yet led to the effects desired and may not be enough to rekindle growth in 2009. There is a huge expectation in relation to the efficiency of the plan of the new US government to tackle the crisis and its effects on the global economy.

Despite the stressful scenario, Marcopolo's Management is confident that 2009 will be another year of good results for the Company. Passenger transport will continue to be the most important means in countries with high population density and low income. The advanced average age of the bus fleet in Brazil as well as in developing countries, will necessarily lead to a gradual renewal. In the domestic market, the resumption of the BNDES financing of 100.0% for the acquisition of buses, until March 31, and the heating up of tourism, encouraged by the depreciation of the Real, will drive up demand. Furthermore, the electronic bid of the "*Caminhos da Escola*" (School Paths) governmental project, finalized in February, enabled Marcopolo to be granted a lot of 2,220 units of Volare models, participate indirectly in the 1,110 units of its associated company Neobus, besides assembling part of the VWCO lot. After registration by the city governments, the vehicles must be delivered by December of this year. As for the external market, the depreciation of the Brazilian currency will continue to enhance the profitability of Company exports.

On the cost side, the upward trend of the metal and oil derivative commodity prices was halted. The strong demand for these products over the last years, basically due to the expansion of the Chinese economy, led commodity prices to skyrocket, and consequently squeezed Marcopolo's margins. Currently, in light of the global slump, there is less cost pressure.

As for the associated companies and subsidiaries abroad, the new plant in Egypt should start operating as from the 2nd half and the new plant in Dharwad, India, began its activities at the beginning of this year. In South Africa, the upcoming World Cup 2010, which has already increased demand in 2008, will drive up even further the bus sector in 2009. In Mexico, the large economic dependence on the US has been strongly affecting its market at this moment of crisis and the effect will also be felt in the bus sector. In Russia, according to the comments made in item 16 of this report, the Golitsino factory was closed permanently while the Pavlovo plant is temporarily shutdown and should resume its production as soon as market conditions improve. The Colombia plant will keep its production level stable in 2009 and the Portugal unit, which has little representation at the consolidated level, should expect less orders in 2009.

The strategy adopted by Marcopolo to expand the production of parts and components to supply the subsidiaries abroad, which enables these products to be produced in Brazil and after exported or purchased directly from local suppliers, adds an enormous competitive edge to the Company. The production of Marcopolo components in China is aimed at meeting this strategic vision and adding results.

Lastly, Marcopolo completes 60 years of uninterrupted activities in 2009. Since its foundation, the Company seeks to satisfy its clients, suppliers, collaborators, representatives and shareholders by working to perpetuate the business by always respecting and protecting the environment and developing the communities in which it operates.

29. Acknowledgments

Marcopolo is honored to be able to thank the collaborators for their efforts, dedication and commitment which, once again in 2008, served as support for the results achieved. We thank the customers and shareholders for their preference, loyalty and trust, and, the suppliers, financial institutions, authorities and the community for the support received.

The Management.