

## **NATURA COSMÉTICOS S.A.**

Corporate Taxpayer's ID (CNPJ/MF) #71.673.990/0001-77

Company's Register (NIRE) #35.300.143.183

Publicly-held Company

Subscribed and Paid-Up Capital: R\$ 230,761,985.57 – 85,438,611 common shares

Authorized Capital: up to 4,995,964 common shares

### **MATERIAL FACT**

We announce to shareholders and the market in general that in compliance with the provisions of the Normative Ruling #358, issued on January 3, 2002 by the Securities and Exchange Commission of Brazil, the Board of Directors of NATURA COSMÉTICOS S.A. approved, pursuant to the terms of Article 6, paragraph one of the Company's Bylaws, the private issuance of three hundred, forty thousand, four hundred and fifty (340,450) non-par common shares by the Company, within the limit of authorized capital, in order to comply with the exercise of fifty per cent (50%) of the options granted to its management and employees, as well as administrators and employees of companies directly or indirectly controlled by the Company, participating in the **Addendum to the Plan for the Granting of Call Option or Subscription of Common Shares Issued by the Company related to the 2003 Calendar Year**, approved by the Company's Board of Directors on May 17, 2004, excluding the subscription preemptive right by other Company's shareholders in view of its specific destination referred above, pursuant to the terms of provision in the final part of paragraph three of Article 171 of the Law 6,404/76. The payment price for the shares issued and to be subscribed, under the terms referred above, set forth in accordance with said Addendum to the Plan for the Granting of Call Option or Subscription of Common Shares Issued by the Company related to the 2003 Calendar Year, corresponds on this present date to fifteen reais and thirty centavos (R\$ 15.30), subject to the monetary restatement by Amplified Consumer Price Index ("IPCA"), calculated and published by the Brazilian Institute of Geography and Statistics, until the effective subscription date and shall be paid in cash, upon the subscription. In order to formalize the share subscription, the Company's management and employees, as well as administrators and employees of companies directly or indirectly controlled by the Company, participating in the Addendum to the Plan for the Granting of Call Option or Subscription of Common Shares Issued by the Company related to the 2003 Calendar Year, beneficiaries of the options, shall send a letter to the Company requesting the exercise of their options and corresponding amount of shares they intend to subscribe. The share subscription shall be effective by means of signature of appropriate subscription list and respective payment of shares shall be made in cash, by delivering to the Company the corresponding amount in local currency, as mentioned above. The subscription period and payment shall start as from April 10, 2006,

date on which fifty per cent (50%) of options granted pursuant to the Addendum to the Plan for the Granting of Call Option or Subscription of Common Shares Issued by the Company related to the 2003 calendar year shall become mature and shall end on April 10, 2009, occasion upon which those shares not subscribed shall be cancelled, not applying the provisions in the Article 171, paragraph 7 of Law 6,404/76. The capital stock increase resulting from the private issuance of shares resolved above shall be subjectmatter of ratification when the Annual General Meetings approve the financial statements related to the fiscal years to be ended on December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2009. Prior to each ratification of Company's capital increase to be approved at the Annual General Meetings examining the financial statements related to the fiscal years to be ended on December 31,2006, December 31, 2007, December 31, 2008 and December 31, 2009, the Board of Directors shall send to shareholders a proposal amending the wording of the Articles 5 and 6 of the Company's Bylaws, related to, respectively, the amount of capital stock and the number of shares issued and the limit of authorized capital to adjust it to the share subscriptions already effective. The issued shares, as described above, will have right to receive the dividends, interest in own capital, or any other remuneration, declared after the effective day of subscription and pay-up of shares. The board members authorize the Board of Executive Officers to practice all the further acts necessary to make effective the issuance of non-par common shares, resolved pursuant to the terms of these present Minutes.

**NATURA COSMÉTICOS S.A.**

**JOSÉ DAVID VILELA UBA**

Chief Financial Officer and Chief Investor Relations Officer

