

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 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 a proposal to be sent to the Company's shareholders examination at the Extraordinary General Meeting to be held on March 29, 2006 at the Company's headquarters related to the splitting of non-par common shares issued by the Company, so that each one (1) current share starts to be represented by five (5) shares after splitting. The splitting aims at adjusting the quotation price of the Company's shares, so that to increase the individual investors access to the shares issued by the Company, diversify the shareholding of the Company and enhance the liquidity of its shares. In view of the aforementioned, the board members approved to send a proposal amending the Article 5 of the Company's Bylaws related to share capital, currently divided into eighty-five million, four hundred, thirty-eight thousand, six hundred and eleven (85,438,611) shares to four hundred, twenty-seven million, one hundred, ninety-three thousand, fifty-five (427,193,055) non-par common shares, as well as the limit of Company's authorized capital, currently of up to four million, nine hundred, ninety-five thousand, nine hundred, sixty-four (4,995,964) non-par common shares, of which two million, one hundred, seventy-two thousand, five hundred and fifty (2,172,550) common shares were issued and subscribed, as approved by the Board of Directors' meeting held on May 24, 2004, remaining a current total of two million, eight hundred, twenty-three thousand, four hundred and fourteen (2,823,414) witc, after splitting purposed above, starts to correspond to up to fourteen million, one hundred, seventeen thousand, seventy (14,117,070) non-par common shares. Each 1 (one) of shares of common stock, without a par value, as issued by the Company, withheld in March 30, 2006, starts to to be represented by five (5) of shares of common stock, without a par value in March 31, 2006. and it is incumbent upon the financial institution rendering services for the Company's book-entry shares, Banco Itaú S.A., the automatic registration of new shares resulting from splitting on behalf of those holding shares on the reference date mentioned above. The shares stemming from the splitting mentioned above proposed shall grant to its holders identical rights currently ensured by the Company's Bylaws and by the prevailing laws to the Company's shareholders and shall be entitled to dividends

or interest on own capital, that been report after the date of the referred proposal is approved by the Extraordinary General Meeting to be held on March 29, 2006, as well as eventual advantages or rights attributed to the shares as from the date the splitting proposal is approved by the referred meeting. Should the splitting proposal mentioned above be approved, those three hundred, forty thousand, four hundred and fifty (340,450) non-par common shares, issued by the Board of Directors in meeting held on this present date, at 1:30 pm, destined to the subscription and payment of registered, non-par common shares, issued by the Company, corresponding to fifty per cent (50%) of options granted to the Company's management and employees, as well as to 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, shall be represented by one million, seven hundred, two thousand, two hundred and fifty (1,702,250) non-par common shares, post-splitting.

NATURA COSMÉTICOS S.A.

JOSÉ DAVID VILELA UBA

Chief Financial Officer and Chief Investor Relations Officer