

NATURA COSMÉTICOS S.A.

CNPJ/MF No. 71.673.990/0001-77

Publicly-held Company

NIRE 35.300.143.183

Capital Subscribed to and Paid-in: R\$ 233,862,055.13 – 428,193,460 Registered Shares of Common Stock [ON]

Authorized Capital: up to 14,117,070 ON shares

MATERIAL FACT

We announce to Shareholders and the market that, in compliance with the provisions of the Regulatory Instruction #358, issued on January 3, 2002 by the Brazilian Securities and Exchange Commission (CVM), the Board of Directors of **NATURA COSMÉTICOS S.A.** approved a proposal to be forwarded to the Company's shareholders examination at the Extraordinary General Meeting to be held on April 2, 2007 at the Company's headquarters related to the capitalization of part of the profit reserves balance, without issuing new non-par registered common shares, in the total amount of one hundred, fifty-three million, nine hundred, thirty-nine thousand, four hundred, thirty-six reais and twenty-nine centavos (R\$153,939,436.29), considering that, after the allocation of the net profit of the fiscal year December 31, 2006, the profit reserves exceed the capital stock by forty-eight million, six hundred, seventeen thousand, four hundred, eighty-one reais and seventy-two centavos (R\$48,617,481.72), what is not allowed, pursuant to article 199, of Law 6404/76.

The above-mentioned one hundred, fifty-three million, nine hundred, thirty-nine thousand, four hundred, thirty-six reais and twenty-nine centavos (R\$153,939,436.29) refer to the profit reserves recorded in the fiscal years ended December 31, 2004 and December 31, 2005, totally used for investments in fixed assets and working capital during the years of 2005 and 2006, as showed below:

Fiscal year	Resolution Annual/ Extraordinary General Meeting	Retention of part of the net profit of the year	Budget for investments during the next year (*)	Investment performed during the next year (**)
2004	03/29/05	R\$76,023,878.39	R\$190,000,000.00	R\$131,296,647.90
2005	03/29/06	R\$77,915,557.90	R\$220,000,000.00	R\$299,550,787.33
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		R\$153,939,436.29	R\$410,000,000.00	R\$430,847,435.23

(*) Budget for investments in fixed assets and working capital during the next year.

*(**) Investment in fixed assets and working capital during the next year.*

NATURA COSMÉTICOS S.A.

JOSÉ DAVID VILELA UBA

Chief Financial Officer and Investor Relations Officer