São Paulo, Brazil, October 22, 2008 - Natura Cosméticos S.A. (São Paulo Stock Exchange - Bovespa: NATU3) announces today its results for the third quarter of 2008 (3Q08). The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis,** in accordance with Brazilian Corporate Law.

The report is divided into four sections: (i) overview and summary of operations; (ii) Brazilian operation pro-forma; (iii) international operations pro-forma; and (iv) consolidated results. The profit margin earned in Brazil's exports to international operations has been deducted from the COGS of respective operations, showing the actual impact of these subsidiaries[1] on Natura's consolidated results. Thus, the pro-forma Statement of Income for Brazil only shows the results of sales made on the domestic market. As of the third quarter of 2008, we are excluding the effects from the translation of the pro-forma result of international operations, which result from the conversion of these countries' Statements of Income into Brazilian reais.

> OVERVIEW

The globalized world's main economies are currently undergoing a period of significant change. Developing countries, however, may be less affected by the crisis, and could thus play an important role in the growth of the global economy.

The direct sales of cosmetics and fragrances, in turn, have shown a historically positive performance in relation to other sectors in Brazil, increasing at rates above GDP growth. The model is not dependent on credit and is less sensitive to economic turbulence. This has been the characteristic of the business, although the past is no guarantee of similar performance in the future.

[1] This adjustment is made fully, since Natura Cosméticos S.A. holds a 100% stake in these subsidiaries.

Natura has strong fundamentals both in its financial structure and its business model. Our company is highly profitable, has strong cash generation and a treasury that operates safely and selectively. The brand is strong, having been evaluated by independent institutions[2] as one of the most important and among the fifteen most valuable in Latin America, where we concentrate our business. Thus, we are confident that we have a solid basis to grow and duly remunerate our shareholders.

BRAZILIAN OPERATION

Natura's 3Q08 results reflect the first effects of our Action Plan. The Plan, which foresees investments of R$400 million in marketing and in the commercial model for the 2008-2010 period, aims to accelerate sales growth with full impact in 2009. It is worth mentioning that this investment will be financed entirely by internal efficiency gains.

3Q08 net revenues in Brazil totaled R$868.4 million, a 21.4% growth year-on-year. Brazilian EBITDA amounted to R$236.9 million, with a 27.3% margin, compared to a margin of 27.1% in 3Q07.

The innovation process has been demonstrating its efficiency through restored growth in the innovation index[3] (66.9% in 9M08 versus 54.2% in 9M07) and by the success of new launchings in the first nine months of the year. Highlights have been the *Amor América* perfume line, the *Chronos Politensor de Soja* anti-wrinkle hydrating facial cream, the relaunch of the *Tododia* line, and, more recently, the *Natura Naturé* line, which invites children aged 3 to 7 to take care of hygiene and cleaning while also encouraging care with water.

Additional investments in marketing and in the commercial model in 9M08 totaled R$55.2 million and are in accordance with the Action Plan. By and large, these investments have been allocated toward advertisement and events in support of new launches as well as expanded training for consultants and product experimentation.

Additional marketing expenditures in 9M08 were offset by productivity gains totaling R$64.6 million. These economies resulted from a more efficient management of the product loss prevention process, gains in manufacturing costs, a reduction in the sales catalogue cost, and an increase in the share of orders placed through the Internet.

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[2] INTERBRAND "O poder das marcas na América Latina" – October 2008.

[3] Innovation Index - percentage participation of sales coming from products launched in the past 24 months

The implementation of the CNO (*Consultora Natura Orientadora)*[4] model is proceeding according to plan. It is currently present in the Northeast region, in the São Paulo state, and also in the states of Rio de Janeiro, Minas Gerais, and Espírito Santo. The implementation of the CNO model in other regions of the country is expected to be finalized by the first half of 2009, when we will have approximately 8.5 thousand CNOs.

Our portfolio currently consists of 851 SKUs[5], which represents an 8.5% reduction in relation to the balance at the start of the year. We have maintained our goal of portfolio rationalization, aiming at 780 SKUs by the end of this year.

With respect to the physical distribution decentralization program, at the end of September we opened our fourth distribution center, located in the city of Canoas (in the state of Rio Grande do Sul). This location will cater to part of the states of Rio Grande do Sul and Santa Catarina. Another distribution center is planned for opening in the first half of 2009.

The action plan released at the start of this year also foresees an evolution in our organizational model and seeks to invigorate our culture and establish management by processes. We are restructuring our organization with the creation of business units, and this structure will make operations lighter and more efficient, enabling greater proximity to clients and the market. Our main goal is to implement a management system that can promote continuous improvement and innovation through learning and through the growth of our employees and their relationship with Natura, generating value for all stakeholders.

This year, we ranked first among companies in the Hygiene, Cosmetics and Cleaning industry in four of the main rankings organized by means of communication[6] in Brazil, which took into account our 2007 results. In addition, we were recognized as the second Most Admired Company in Brazil, by “Carta Capital” magazine.

Financial Status:

The combination of an ample hedge policy and a high degree of liquidity has placed the company in an advantageous position to ride through the current period of instability on financial markets.

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[4] The CNO model is an evolution of the current business model that becomes bi-level, whereby the Advising Natura Consultant provides atypical services and is responsible por accelerating channel growth.
[5] Stock keeping unit
[6] We were ranked by *Melhores e Maiores*, of Exame Magazine, *Valor 1000*, of Valor Econômico newspaper, *As Melhores da Dinheiro*, by Isto É Dinheiro magazine, and *Balanço Anual*, of Gazeta Mercantil newspaper.

Natura follows a risk management policy that keeps results, projected for a period of at least six months, as independent as possible from exchange rate fluctuations. The hedge model takes into account not only the balance positions in other currencies, but also the flows projected for this six-month horizon, with suppliers and our international operations.

Taking into account third quarter results and fluctuation projections for the fourth quarter, we estimate a net result for the six-month period of approximately R$12.0 million of positive effect, considering exchange parities as of October 21, 2008[7]. Natura closes 3Q08 with a cash balance of R$339,9 million and total financings of R$519,5 million, with an average duration of 15 months.

Sustainability

As for environmental initiatives, we highlight the 32.0% reduction in the environmental footprint of Revista Natura, as compared to the previous version of the magazine. The change in the type of paper, and the new design allowed for a reduction in both the amount of raw material used in its production, as well as in the number of pages. This initiative resulted in savings of 3.5 thousand tonnes/year of paper and a reduction of 4.5 thousand tonnes of CO_{2e}/year in emissions.

Regarding carbon neutrality, Natura's goal is to reduce by 33% the emissions of GHG[8] in the 5-year period started in 2006. In 2007, we reduced our emissions by 7% (from 4.39 to 4.09 Kg of CO_{2e}/Kg of product). In 2008, seven workgroups were created, led by managers of various areas, and whose responsibility is to reduce emissions throughout the business chain. As of 2007, our entire company and range of products are carbon neutral, by supporting external social and environmental projects.

Another important topic we must highlight is energy and water consumption. In 9M08 we established two multidisciplinary committees to discuss the reduction and control of energy and water consumption. We achieved a 5.8% reduction in our energy matrix (Electric, LPG and Diesel), whereas the original target was 2.0%. Furthermore, we reduced water consumption by 6.8% over the same period of 2007, whereas our initial target was also 2.0%. We have also focused on improving our productive process and raising awareness about environmental issues among our administrative and operating employees.

[7] Brazilian real/US$ Exchange rate: 2.1941
[8] Greenhouse Gases

INTERNATIONAL OPERATIONS

Natura's internationalization strategy has not changed. International expansion through a brand of global expression is still an important growth driver for Natura. Our focus continues to be on accelerating growth in the markets where we operate in Latin America, where our model and brand already show strength and potential.

Studies for the implementation of a United States operation have shown that the moment is not suitable. In view of this, we have decided to suspend our entry into that market for an indeterminate period of time. We will maintain our operation in France as part of a group of initiatives to build our global brand and as a source of learning about demand in a highly sophisticated market.

International operations as a whole posted gross revenues of R$67.2 million in 3Q08, a year-on-year weighted growth of 55.2% in local currency (41.2% in Brazilian reais), accounting for 5.4% of consolidated gross revenues, versus 4.6% in the previous year.

EBITDA of international operations amounted to negative R$20.0 million in 3Q08, with: (i) R$10.0 million in Latin American operations (R$9.9 million in 3Q07), showing a favorable evolution of these operations with a consequent improvement in the margin from -27.0% to -19.3% between the two periods; and (ii) R$9.9 million in other markets (R$3.1 million in 3Q07), especially impacted by the costs of studies for the establishment of a unit in the United States.

Also in Latin America, the number of consultants grew 41.4% in 3Q08 and already exceeds 111 thousand. We currently count on six *Casas Natura* (Buenos Aires, two in Mexico City, Cali, Bogotá, and Lima) and another three will be opened by year-end in Latin American countries in which we operate. Another positive aspect seen in these operations is Natura's positioning among the best places to work[9] in Argentina, Chile, and Peru. In Mexico, we received two awards in the category of social responsibility: "Socially-Responsible Company 2008" and "Best Social Responsibility Practice 2008".

CONSOLIDATED RESULTS

Consolidated gross revenues amounted to R$1,246.2 million in 3Q08, a year-on-year growth of 18.5% (R$1,052.0 million). Consolidated net revenues totaled R$921.1 million in 3Q08, a 22.3% growth over 3Q07 (R$752.9 million).

[9] Survey "Great Place to Work" 2008

Consolidated EBITDA reached R$227.3 million, versus R$179.1 million in 3Q07, showing, therefore, a growth of 27.0% between the periods. The consolidated EBITDA margin increased to 24.7% in 3Q08 (23.8% in 3Q07), influenced by a higher gross margin and by operational efficiency gains which offset increased marketing expenses. We reaffirm our consolidated EBITDA margin guidance of at least 23.0% for each year in the three-year period of 2008-2010.

The consolidated number of consultants reached 803.9 thousand at the end of 3Q08, up 14.6% year-on-year.

> COSMETICS, FRAGRANCES, AND PERSONAL HYGIENE SECTOR IN BRAZIL

According to data by the Brazilian Personal Hygiene and Cosmetics Industry Association (Sipatesp/Abihpec), the growth of the target market[10] for cosmetics, fragrances, and personal hygiene products in Brazil came to 12.0% in the first half of 2008 compared to the same period in 2007. Discounting the period's IPCA[11], actual growth stood at 5.7%. The table below shows the breakdown of the target market in two segments—cosmetics & fragrances; and personal hygiene—as well as Natura's market share in these segments. The Company posted a market share reduction in the target market of 70 basis points in this period, going from 22.5% in 6M07 to 21.8% in 6M08.

> CF&T Core Market Net Revenues Breakdown and Natura's Market Share in Brazil

	Core Market (R$ million)			Market Share - Natura (%)		
	6M08	**6M07**	**Change %**	**6M08**	**6M07**	**Var. pp**
Cosmetics and Fragrances	2787.2	2474.7	12.6%	35.4%	38.0%	(2.6)
Personal Hygiene	3636.1	3257.9	11.6%	11.4%	10.7%	0.7
Total	**6423.3**	**5732.6**	**12.0%**	**21.8%**	**22.5%**	**(0.7)**

Source: SIPATESP

[10] Target Markets: Skin Care, Sunscreen, Make-up, Perfumes, Fragrances, hair Care, Shaving Cream and Deodorant. It does not include Diapers, Nail Polishing, Sanitary Napkin, Hair Dye and Oral Hygiene products.
[11] IPCA of 6.06% in the 12-month period ended 6/30/2008.

> BRAZILIAN OPERATION – Pro-Forma Statement of Income

> Financial Highlights - Brazil (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	691.9	622.5	11.1	691.9	622.5	11.1
Unit sold – items for resale (in million)	74.6	67.7	10.1	206.1	188.5	9.4
Gross Revenues	1,179.0	1,004.4	17.4	3,190.5	2,859.5	11.6
Net Revenues	868.4	715.6	21.4	2,332.0	2,033.4	14.7
Gross Profit	605.9	483.5	25.3	1,609.3	1382.4	16.4
Gross Margin (%)	*69.8%*	*67.6%*	*2.2 pp*	*69.0%*	*68.0%*	*1.0 pp*
Sales Expenses	287.4	223.9	28.4	767.3	638.3	20.2
Administrative Expenses	97.9	82.2	19.2	275.7	254.3	8.4
Others (Income) / Expenses, net	0.0	0.0	-	30.9	7.8	294.9
Financial Income, net	11.1	(3.5)	-	(3.1)	(9.1)	-
Operating Profit	228.4	171.7	33.0	584.5	481.2	21.5
Net Income	167.1	133.7	25.0	437.8	372.5	17.5
EBITDA	236.9	194.1	22.1	649.3	542.4	19.7
EBITDA Margin (%)	27.3%	27.1%	*0.2 pp*	27.8%	26.7%	*1.2 pp*

(*) Number of consultants by the end of the cycle 13 of sales

Gross revenues from the Brazilian operation totaled R$1,179.0 million in 3Q08 versus R$1,004.4 million in 3Q07, showing a growth of 17.4%. Net revenues posted a 21.4% growth. This growth was the result of highly-successful new product launches, sustained by an efficient communication strategy with the final sales and consumer channel. The difference between the growth of gross revenues and net revenues once again had the positive effect of reducing tax expenses due to decentralized distribution and changes to the tax replacement mechanisms in several states.

Year-to-date (9M08), **gross revenues from the Brazilian operation** were R$3,190.5 million with an 11.6% growth over the same period in the previous year (9M07 – R$2,859.5 million). Net revenues posted an increase of 14.7%.

The **Cost of Goods Sold** (COGS) decreased from 32.4% of net revenues in 3Q07 to 30.2% in 3Q08. This decrease and the consequent gross margin increase resulted mainly from: (i) a rationalization of the product loss prevention process; (ii) improved manufacturing cost management (material and expenditures); and (iii) a lower tax rate on sales, in this order of significance. Part of these gains was offset by the repositioning of prices in some product lines.

Year-to-date, COGS also posted a reduction, dropping from 32.0% in 9M07 to 31.0% in 9M08. This gross margin increase is mainly the result of the same factors mentioned above.

Sales expenses increased from 31.3% of net revenues in 3Q07 to 33.1% in 3Q08 as a result of our program for greater investment in marketing, mainly allocated in advertisement, events, training and product experimentation. Part of this increase was offset by efficiency gains in customer service.

Year-to-date, **sales expenses,** expressed as a percentage of net revenues, also posted an increase of 150 basis points, going from 31.4% in 9M07 to 32.9% in 9M08 due to the same factors mentioned above.

Administrative expenses remained virtually at the same level of 11.4% in 3Q08 as in 3Q07. Reductions deriving from the end of the CPMF tax, our overhead freezing program and lower innovation expenses were partially offset by a greater provision for profit sharing related to the year of 2008, reflecting changes in our variable compensation model, which will lead to more result-dependent compensations.

Year-to-date, **administrative expenses** continued to post a reduction, going from 12.5% in 9M07 to 11.8% in 9M08 as a percentage of net revenues, due to the same abovementioned factors.

The favorable **net financial result** was due to gains in operational hedge operations.

EBITDA from the Brazilian operation stood at R$236.9 million in 3Q08, versus R$194.1 million in 3Q07: an increase of 22.1%. The EBITDA margin increased from 27.1% in 3Q07 to 27.3% in 3Q08.

Year-to-date in 9M08, **EBITDA** from the Brazilian operation totaled R$649.3 million, a 19.7% growth over the same period of the previous year (9M07 – R$542.4 million), while the EBITDA margin increased from 26.7% in 9M07 to 27.8% in 9M08.

At the end of 3Q08, we counted on 691.9 thousand consultants in the Brazilian operation, a year-on-year increase of 11.1%. Meanwhile, the average productivity per active consultant in this quarter increased, from an average R$2,904.0 in 3Q07 to R$2,962.0 in 3Q08. Year-to-date, the productivity remained stable at R$8,999.0 in 9M07 and R$8,990.0 in 9M08.

> INTERNATIONAL OPERATIONS

As of 1Q08, we have begun presenting pro-forma results from international operations with a breakdown of results between LATAM[12] operations and other markets. Within the LATAM operation, we highlight two blocs of operation: one bloc, under consolidation (Argentina, Chile, and Peru) and another under implementation (Mexico, Colombia, and Venezuela).

The number of consultants in international operations reached 112.1 thousand[13] at the end of 3Q08, up 41.5% versus 3Q07, reinforcing the strength of Natura's brand outside Brazil.

The weighted growth in gross revenues totaled 55.2% (41.2% in Brazilian reais) in 3Q08 versus 3Q07. Year-to-date, this growth amounts to 53.8% in 9M08 versus 9M07 (37.5% in reais).

Investments in international operations, represented by the negative EBITDA**,** totaled R$20.0 million in 3Q08 versus R$13.1 million in 3Q07. Year-to-date, this investment totaled R$55.2 million in 9M08 versus R$33.0 million in 9M07.

For 2008, expenses[14] with international expansions in Latin America, France, and the United States decreased from R$97.0 million, as disclosed up to the last quarter, to R$82.0 million. This reduction reflects the decision to cancel the opening of an operation on the United States market.

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[12] LATAM: Latin America excluding Brazil.
[13] Final position of Cycle 12.
[14] Expenses represented by the EBITDA.

>> LATIN AMERICA (LATAM)[15] - Pro-Forma Statements of Income

> Financial Highlights - LATAM (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	111,6	79,0	41,4	111,6	79,0	41,4
Unit sold – items for resale (in million)	6,1	4,4	39,5	17,0	11,3	50,2
Gross Revenues	66,3	47,0	41,0	175,2	127,5	37,4
Net Revenues	51,9	36,8	41,1	137,8	99,8	38,0
Gross Profit	31,9	22,7	41,0	85,1	64,3	32,5
Gross Margin (%)	*61,6%*	*61,6%*	*0,0 pp*	*61,8%*	*64,4%*	*-2,6 pp*
Sales Expenses	34,7	26,2	32,5	93,3	69,8	33,6
Administrative Expenses	7,7	6,9	11,9	22,5	19,0	18,4
Financial Income, net	(1,1)	(0,0)	-	(1,8)	(0,0)	-
Operating Profit	(11,6)	(10,5)	10,8	(32,4)	(24,6)	32,0
Net Income	(13,4)	(11,4)	17,4	(37,1)	(28,3)	31,0
EBITDA	(10,0)	(9,9)	1,0	(29,0)	(23,2)	25,0
EBITDA Margin (%)	-19,3%	-27,0%	*7,7*	-21,0%	-23,2%	*2,2 pp*

(*) Number of consultants by the end of the cycle 12 of sales

Latin American operations posted a weighted growth of 55.1% in gross revenues in local currency (41.0% in Brazilian reais). It is worth pointing out that the greatest amount of gross profits from these operations was allocated towards marketing and growth of the sales channel.

Year-to-date, the weighted growth of gross revenues amounts to 53.9% in local currency (37.4% in Brazilian reais). EBITDA stood at negative R$29.0 million in 3Q08, versus negative R$23.2 million in 3Q07.

The number of consultants in LATAM reached 111.6 thousand at the end of 3Q08, representing a growth of 41.4% over 3Q07.

[15] LATAM: Latin America excluding Brazil.

> Financial Highlights - Operations under Consolidation (Argentina, Chile and Peru) (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	85,5	65,2	31,2	85,5	65,2	31,2
Unit sold – items for resale (in million)	4,8	3,7	30,0	13,5	9,9	36,2
Gross Revenues	53,4	40,1	33,3	141,9	111,2	27,6
Net Revenues	40,6	30,7	32,3	108,8	85,6	27,1
Gross Profit	24,7	18,8	31,5	67,8	55,1	23,1
Gross Margin (%)	*60,9%*	*61,2%*	*-0,3 pp*	*62,3%*	*64,4%*	*-2,0 pp*
Sales Expenses	21,6	17,1	26,2	58,0	46,3	25,3
Administrative Expenses	4,4	4,2	4,7	13,0	11,8	10,0
Financial Income, net	(1,0)	(0,0)	-	(1,6)	(0,1)	-
Operating Profit	(2,3)	(2,5)	(10,1)	(4,7)	(3,1)	49,9
Net Income	(3,4)	(3,1)	12,3	(7,9)	(6,0)	31,6
EBITDA	(0,9)	(2,2)	(61,1)	(2,0)	(2,2)	(9,8)
EBITDA Margin (%)	-2,1%	-7,3%	*5,1 pp*	-1,8%	-2,6%	*0,8 pp*

(*) Number of consultants by the end of the cycle 12 of sales

Gross revenues from operations under consolidation (Argentina, Chile, and Peru) stood at R$53.4 million in 3Q08, posting a weighted growth of 46.9% in local currency (33.3% in Brazilian reais) versus 3Q07. Year-to-date, these operations posted gross revenues of R$141.9 million, representing a weighted growth of 42.7% in local currency (27.6% in Brazilian reais) compared to the previous year.

EBITDA in these operations remained virtually at break-even (-R$0.9 million), posting a significantly improved margin, from -7.3% to -2.1% year-on-year.

The total number of consultants in these operations reached 85.5 thousand at the end of the quarter, a substantial year-on-year growth of 31.2%.

>> Financial Highlights - Operations under Implementation (Mexico, Venezuela and Colombia) (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	26.1	13.7	89.8	26.1	13.7	89.8
Unit sold – items for resale (in million)	1.4	0.7	85.4	3.5	1.4	148.8
Gross Revenues	12.9	6.9	85.7	33.3	16.3	104.4
Net Revenues	11.3	6.1	85.5	29.0	14.2	103.9
Gross Profit	7.2	3.9	86.8	17.3	9.2	88.5
Gross Margin (%)	*64.2%*	*63.8%*	*0.4 pp*	*59.8%*	*64.6%*	*-4.9 pp*
Sales Expenses	13.2	9.1	44.4	35.3	23.5	49.9
Administrative Expenses	3.3	2.7	23.1	9.5	7.2	32.1
Financial Income, net	(0.1)	(0.0)	-	(0.2)	0.1	-
Operating Profit	(9.3)	(8.0)	17.3	(27.7)	(21.4)	29.3
Net Income	(9.9)	(8.3)	19.3	(29.2)	(22.3)	30.8
EBITDA	(9.2)	(7.7)	18.9	(27.0)	(21.0)	28.7
EBITDA Margin (%)	-81.4%	-127.0%	*45.6 pp*	-93.1%	-147.4%	*54.3 pp*

(*) Number of consultants by the end of the cycle 12 of sales

With regard to operations under implementation (Mexico, Venezuela, and Colombia), gross revenues reached R$12.9 million in 3Q08 versus R$6.9 million in the same period of 2007. Year-to-date, gross revenues from these operations amount to R$33.3 million in 9M08 versus R$16.3 million in 9M07. The total number of consultants in these operations totaled 26.1 thousand at the end of the quarter.

Other markets in which we operate (France and the United States[16]) posted operating losses (EBTIDA) of R$9.9 million in 3Q08, versus R$3.1 million in 3Q07, driven by the French results, which are still negative, and by expenses related to the analysis and planning of the United States operation.

[16] Expenses related to feasibility studies.

> CONSOLIDATED RESULTS

>> CONSOLIDATED FINANCIAL SUMMARY

> Consolidated Financial Summary (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Gross Revenues	1,246.2	1,052.0	18.5	3,368.7	2,989.0	12.7
Net Revenues	921.1	752.9	22.3	2,472.2	2,134.9	15.8
Gross Profit	638.4	506.6	26.0	1,696.4	1,448.0	17.2
Gross Margin (%)	*69.3%*	*67.3%*	*2.0 pp*	*68.6%*	*67.8%*	*0.8 pp*
Operating Profit	217.0	155.9	39.2	531.0	439.1	20.9
EBITDA*	227.3	179.1	27.0	600.3	502.6	19.4
EBITDA Margin (%)	*24.7%*	*23.8%*	*0.9 pp*	*24.3%*	*23.5%*	*0.7 pp*
Net Income	154.0	117.0	31.6	379.6	326.7	16.2
Net Margin (%)	*16.7%*	*15.5%*	*1.2 pp*	*15.4%*	*15.3%*	*0.1 pp*
Total Consultants - end of period** (in thousand)	803.9	701.7	14.6	803.9	701.7	14.6

(*) EBITDA = Income from operations before financial effects + non-operating income + depreciation & amortization.

(**) Positon at the end of the 13th sales cycle in Brazil and the 12th sales cycle in International Operations.

Consolidated gross revenues reached R$1,246.2 million in 3Q08, up 18.5% from 3Q07 (R$1,052.0 million). Net revenues increased 22.3%.

Year-to-date, **consolidated gross revenues** amounted to R$3,368.7 million in 9M08, a 12.7% growth over 9M07 (R$2,989.0 million). Net revenues, in turn, increased 15.8%.

The **Cost of Goods Sold** (COGS) increased from 32.7% of net revenues in 3Q07 to 30.7% in 3Q08. The improvement in the consolidated gross margin was influenced by better cost management in the Brazilian operation.

Year-to-date, the **Cost of Goods Sold** (COGS) also underwent a reduction, going from 32.2% in 9M07 to 31.4% in 9M08 due to the same abovementioned factors.

The chart below shows the breakdown of the main components of COGS:

> Composition of Cost of Good Sold (% Net Revenues)

	3Q08	3Q07	9M08	9M07
RM/PM*	24.8	25.6	24.9	25.0
Labor	2.5	2.9	2.8	2.9
Depreciation	1.2	1.3	1.3	1.3
Others	2.3	2.9	2.4	3.0
Total	**30.7**	**32.7**	**31.4**	**32.2**

(*) Raw material and packaging material

Sales expenses, as a percentage of net revenues, increased from 33.6% in 3Q07 to 35.4% in 3Q08, driven by greater marketing investment in Brazil and investments in the expansion of sales channels for international operations, as planned.

Year-to-date, **sales expenses**, as a percentage of net revenues, went from 33.6% in 9M07 to 35.3% in 9M08, due to the same factors mentioned above.

Administrative expenses, as a percentage of net revenues, remained largely stable from 12.0% in 3Q07 to 12.2% in 3Q08. Reductions deriving from the end of the CPMF tax and the overhead freezing program offset a greater provision for profit sharing related to the year 2008, which reflects changes in our model of variable compensation and a greater participation of international operations.

Year-to-date, **administrative expenses**, as a percentage net revenues, went from 13.0% in 9M07 to 12.8% in 9M08, due to the same abovementioned factors.

Consolidated EBITDA totaled R$227.3 million in 3Q08, compared to R$179.1 million in 3Q07: a growth of 27.0%. The EBITDA margin increased from 23.8% in 3Q07 to 24.7% in 3Q08.

In 9M08, the **consolidated EBITDA** amounted to R$600.3 million, versus R$502.6 million in 9M07: a growth of 19.4%. The EBITDA margin was 24.3% in 9M08, compared to 23.5% in 9M07.

> EBITDA (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Net Revenues	921,1	752,9	22,3	2.472,2	2.134,9	15,8
(-) Cost of Sales and Expenses	714,2	593,5	20,3	1.936,3	1.686,6	14,8
EBIT	**207,0**	**159,4**	**29,8**	**535,9**	**448,3**	**19,5**
(+) Non-operating income	0,0	0,5	-	0,7	0,5	-
(+) Depreciation/Amortization	20,4	19,2	6,2	63,7	53,8	18,5
EBITDA	**227,3**	**179,1**	**27,0**	**600,3**	**502,6**	**19,4**

The chart below shows the reconciliation of consolidated EBITDA per bloc of operations:

> EBITDA *pro-forma* by areas of operation (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Brazil	236.9	194.1	22.1	649.3	542.4	19.7
Argentina, Chile and Peru	(0.9)	(2.2)	(61.1)	(2.0)	(2.2)	(9.8)
Mexico, Venezuela and Colombia	(9.2)	(7.7)	18.9	(27.0)	(21.0)	28.7
France and USA	(9.9)	(3.1)	216.6	(26.3)	(9.8)	167.8
Effects of exchanges variation on translation of foreign investments	10.4	(1.9)	n/a	6.2	(6.9)	n/a
Total	**227.3**	**179.1**	**27.0**	**600.3**	**502.6**	**19.4**

Consolidated net income totaled R$154.0 million in 3Q08 versus R$117.0 million in 3Q07, an increase of 31.6%.

The higher growth rate in net income related to the EBITDA is due mainly to the positive financial result caused by operating hedge gains.

Year-to-date, **consolidated net income** totaled R$379.6 million in 9M08 versus R$326.7 million in 9M07: a 16.2% growth.

> CASH FLOW

Internal cash flow generation[17] in 9M08 totaled R$443.3 million, up 16.5% year-on-year. A total of R$67.8 million was added to this figure from operating working capital.

To better understand the working capital reduction in 9M08, one must consider the events that occurred in 4Q07: (i) the extraordinary reduction of R$122.0 million in accounts receivable on 12/31/07—the result of a more flexible credit policy adopted for Christmas sales—; and (ii) the effect of R$25.0 million in the inventory balance due to lower-than-expected revenues in the period.

Added to these effects were a few following transitory impacts totaling R$38.0 million in taxes recoverable (net of taxes payable effects, also transitory), resulting from changes to the tax replacement mechanisms of some states, in addition to structural effects totaling R$21.0 million in taxes payable due to the postponement of the ICMS collection period in the state of São Paulo.

> Consolidated cash flow – *pro-forma* (R$ million)

	9M08	9M07	Change %
Net income	**379.6**	**326.7**	**16.2**
(+) Depreciation and amortization	63.7	53.8	18.5
Internal cash generation	**443.3**	**380.5**	**16.5**
Operating working capital*	67.8	(82.4)	
Other assets and liabilities**	(28.5)	(20.7)	
Operating cash generation	**482.6**	**277.3**	**74.0**
Capex	(61.0)	(73.4)	
Free cash flow* **	**421.7**	**203.9**	**106.8**

(*) Assets - Accounts receivable, inventories, and short-term recoverable taxes. Liabilities - Suppliers, payrolls, profit sharing and social charges, tax liabilities, provisions, and freight payable.

(**) Assets - Advance to employees and suppliers, short-term deferred income and social contribution taxes, other credits, and long-term assets. Liabilities - Other short and long-term accounts payable and provisions for tax, civil, and labor losses.

(***) (Internal cash generation) +/- (changes in working capital and long-term assets and liabilities) – (acquisitions of property, plants, and equipment).

Fixed asset investments made in 9M08 totaled R$61.0 million, mainly allocated to production and logistics capacity expansion and information technology. Accordingly, free cash flow generation in 9M08 came to R$421.7 million, versus R$203.9 million in the same period of the previous year.

Fixed asset investments have once more been re-evaluated. For the year 2008, these will amount to R$90 million, compared to the R$120 million announced previously.

> CONFERENCE CALL & WEBCAST

Portuguese: **Friday, October 24, 2008**
10 am – Brasília time (8 am EST)

English: **Friday, October 24, 2008**
12 pm – Brasília time (10 am EST)

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[17] (Net income for the period) + (depreciation and amortization)

> Exhibit 1 – Statement of Income for the year (consolidated)

R$ million	3Q08	3Q07	9M08	9M07
Gross sales to domestic market	1,178.7	1,003.3	3,186.0	2,856.2
Gross sales to foreign market	67.2	48.4	181.7	131.9
Other sales	0.3	0.3	1.0	0.9
GROSS OPERATING REVENUES	1,246.2	1,052.0	3,368.7	2,989.0
Taxes on sales, returns and rebates	(325.1)	(299.1)	(896.4)	(854.2)
NET OPERATING REVENUES	921.1	752.9	2,472.2	2,134.9
Cost of sales	(282.8)	(246.4)	(775.9)	(686.9)
GROSS PROFIT	638.4	506.6	1,696.4	1,448.0
OPERATING (EXPENSES) INCOME				
Selling	(325.9)	(252.7)	(871.5)	(716.3)
General and administrative	(112.7)	(90.2)	(316.2)	(277.1)
Management compensation	(3.3)	(2.3)	(9.7)	(7.4)
Other operating income (expenses), net	10.4	(1.9)	37.0	1.0
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	207.0	159.4	535.9	448.3
Financial income	(5.1)	(11.8)	(48.6)	(43.8)
Financial expenses	15.1	8.2	43.7	34.7
INCOME FROM OPERATIONS	217.0	155.9	531.0	439.1
Nonoperating income, net	(0.0)	0.5	0.7	0.6
INCOME BEFORE TAXES ON INCOME	217.0	156.3	531.7	439.7
Income and social contribution taxes	(63.0)	(39.3)	(152.1)	(113.0)
NET INCOME	**154.0**	**117.0**	**379.6**	**326.7**

> Exhibit 2 – Balance sheet as of 06/30/2008 and 03/31/2008 (consolidated)

ASSETS	09/2008	06/2008
CURRENT ASSETS		
Cash and banks	339.9	269.3
Trade accounts receivable	372.0	312.9
Inventories	352.3	299.7
Recoverable taxes	178.5	134.0
Advances to employees and suppliers	5.2	5.0
Deferred income and social contribution taxes	69.2	70.4
Allowance for losses on swap and forward transactions	5.7	-
Other receivables	56.1	69.0
Total current assets	**1,379.0**	**1,160.3**
NONCURRENT ASSETS		
Long-term assets:		
Cash investments	5.1	4.9
Recoverable taxes	22.6	26.0
Deferred income and social contribution taxes	35.1	34.1
Escrow deposits	38.7	31.2
Advances to employees and suppliers	2.6	3.2
Permanent assets:		
Property, plant and equipment	517.6	512.7
Intangible assets	6.2	5.8
Total noncurrent assets	**627.9**	**618.0**
TOTAL ASSETS	2,006.9	1,778.3

LIABILITIES AND SHAREHOLDERS' EQUITY	09/2008	06/2008
CURRENT LIABILITIES		
Loans and financing	253.5	167.8
Domestic suppliers	190.0	166.5
Foreign suppliers	2.3	2.2
Salaries, profit sharing and related charges	114.1	86.6
Taxes payable	203.0	152.9
Dividends	0.2	188.2
Accrued freight	23.6	20.0
Other payables	25.5	23.5
Reserve for tax, civil and labor contingencies	15.3	14.9
Allowance for losses on swap and forward transactions	-	16.9
Total current liabilities	**827.4**	**839.5**
NONCURRENT LIABILITIES		
Loans and financing	266.1	184.2
Reserve for tax, civil and labor contingencies	50.3	47.2
Other payables	10.2	9.0
Total noncurrent liabilities	**326.6**	**240.3**
DEFERRED INCOME		
Investment grants	1.8	1.8
Total deferred income	**1.8**	**1.8**
SHAREHOLDERS' EQUITY		
Capital	390.9	390.9
Capital reserves	118.7	119.2
Profit reserves	164.3	164.3
Treasury shares	(14.4)	(15.5)
Retained earnings	191.6	37.6
Total shareholders' equity	**851.1**	**696.6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,006.9	1,778.3

> Exhibit 3 – Cash Flow Statement (consolidated)

R$ million	**9M08**	**9M07**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	379,6	326,7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortizations	63,7	53,9
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	25,4	4,7
Reserve for losses on swap and forward contracts	(5,7)	21,2
Reserve for tax, civil and labor contingencies, including monetary variation on those reserves	4,9	5,1
Income tax, social contribution and other deferred taxes	(23,8)	(5,4)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	8,6	2,4
Other adjustments of income, including provisions in allowance for inventory losses	4,5	4,2
Subtotal	**457,2**	**412,7**
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	163,5	47,5
Inventories	(102,7)	(77,3)
Other receivables	(20,4)	(10,3)
Noncurrent assets (long-term assets):		
Escrow deposits	(7,1)	(44,8)
Recoverable taxes	(0,4)	(0,3)
Other receivables	2,0	0,2
Subtotal	**35,0**	**(85,0)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	15,1	(45,3)
Salaries, profit sharing and related charges, net	26,9	8,0
Taxes payable, net	(37,8)	21,1
Other payables	7,8	(2,1)
Noncurrent liabilities (long-term liabilities):		
Other payables	2,9	3,9
Subtotal	**14,8**	**(14,3)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**507,0**	**313,4**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(61,0)	(73,5)
Investments	0,3	-
Others investments	-	1,7
NET CASH USED IN INVESTING ACTIVITIES	**(60,6)**	**(71,7)**
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in loans	(436,6)	(284,7)
Fundings - loans	374,6	561,1
Payments of swap and forward transactions	(8,0)	(18,5)
Payment of dividends	(425,7)	(351,7)
Payment of interest on capital	-	(39,2)
Acquisition of treasure shares	(21,1)	(22,7)
Subventions for investments	1,8	2,1
Sale of treasury shares by exercise of stock options	3,1	7,4
Payment of receivables from shareholders	**-**	0,1
NET CASH USED IN INVESTING ACTIVITIES	**(511,9)**	**(146,2)**
NET DECREASE (INCREASE) IN CASH AND BANKS	**(65,5)**	**95,4**
Cash and banks at beginning of year	405,4	275,2
Cash and banks at end of quarter	339,9	370,6
CHANGE IN CASH AND BANKS	**(65,5)**	**95,4**

EBITDA is not used in the accounting practices adopted in Brazil, and thus it does not represent the cash flow for the periods. Also, it must not be deemed as an alternative to net income as an indicator of the operating performance or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and its definition by the Company may eventually not be comparable to the Brazilian LAJIDA or to EBITDA as defined by other companies. Although EBITDA does not provide, according to the accounting practices adopted in Brazil, a measure of cash flow, the Management utilizes it to measure the Company's operating performance. Furthermore, we understand that certain investors and financial analysts utilize the EBITDA as an indicator of the operating performance and/or cash flow of a company.

This report contains forward-looking statements. This information represents not only historical facts, but also reflects the wishes and expectations of Natura's management. The words "foresees", "wishes", "hopes", "forecasts", "intends", "plans", "predicts", "projects", "aims" and similar terms intend to identify statements that, necessarily, involve known and unknown risks. Known risks include uncertainties, which are not limited to the impact of price and product competition, product acceptance in the market, the product transition of the Company and its competitors, regulatory approval, currency, currency fluctuation, supply and production difficulties and changes in product sales, among other risks. This report also contains "pro forma" information, prepared by the Company to be used exclusively for information and reference purposes; therefore, they are non-audited figures. This report is updated up to the present date and Natura does not undertake to update it in the event of new information and/or future events.