São Paulo, Brazil, February 27, 2008 – Natura Cosméticos S.A. (São Paulo Stock Exchange – Bovespa: NATU3) announces today its results for the fourth quarter (4Q07) and for the year of 2007. The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis**, according to Brazilian Corporate Law.

> OVERVIEW

In 2007, Natura accomplished another year of growth. Consolidated gross revenues totaled R$4.3 billion, up 10.6% year-on-year. Consolidated EBITDA was R$702.0 million, a growth of 7.3% over the previous year, and margin of 22.8%. Consolidated net income was R$462.3 million, resulting in a return on initial shareholders' equity of 72.1%. The sales channel, composed of more than 718 thousand consultants, grew 16.4% in 2007.

The Brazilian operation recorded an EBITDA margin of 26.0% in 2007, virtually the same as in 2006 (26.3%). We maintained a 90% satisfaction ratio in the survey held with our consultants, while Natura brand reached the highest approval rating ever recorded in the global consumers' assessment[1], and is still the preferred brand in our industry, with 42% preference, against 18% for the second best-ranked brand.

International operations grew 58.2% in weighted local currency, leveraged by our advance in Latin America. We began operations in Colombia and Venezuela, and expand our Mexican operations, reaching a total of 86 thousand consultants.

The innovation index[2] posted a slight recovery in 4Q07, growing from 54.2% in 9M07 to 56.8% in 12M07. Some of the launches presented excellent results in this period such as the "ZIP Lipstick", whose sales reached 2.6 million units at launching; Chronos Flavonóides de Passifora, whose development, in partnership with the Universidade Federal de Santa Catarina (Santa Catarina Federal University), was the result of meticulous research; and the re-launching of the Natura Homem (Natura Man) line of products, which was very well accepted by our male customers.

Even though we consider the results to be positive, we recognize the opportunity to accelerate our growth and increase our market share in Brazil. The investment in this acceleration process will be of R$400 million over the three-year period 2008-2010, aiming at increase our main marketing tools, and at the evolution of our commercial model. As a result, we will increase our market share in that period. This investment will be financed by increased efficiency in manufacturing and distribution processes, and by a better management of the products portfolio, with reduction in the number of SKUs. Additional gains will be obtained through the dilution of fixed costs, providing a positive impact of 2 percentage points in 2010 net revenues.

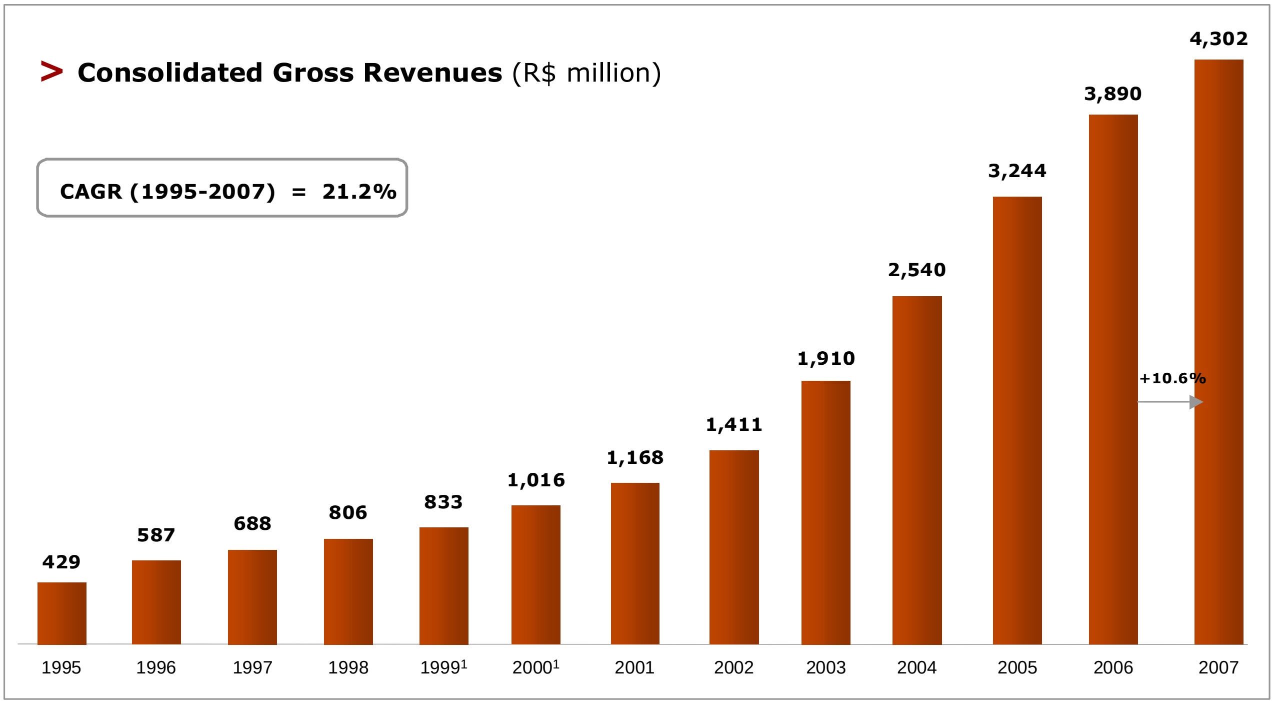
In the same period, Natura will maintain its international expansion. A group of senior executives is working full-time to prepare the entrance plan into the United States in 2009. We will continue with our expansion in Latin America, seeing as the performance in this market shows that our brand, our products and our sales model have been well accepted in the region. We pursue an accelerated growth in Latin American countries, reaching US$500 million revenues[3] by 2012, meaning an increase in our market share[3] to around 4.5%.

Altogether, these initiatives will be the pillars for the company growth, whose profitability will be sustained at a minimum level of 23% of EBITDA margin in the period.

Thus, we are formalizing an action plan to achieve these goals through 2008-2010. The plan pursues better efficiency and profitability, focusing on the following:

(1) Innovation of the commercial model, in order to improve relationships with consultants and to increase productivity;
(2) Reduction in the number of products, focusing efforts in more relevant launchings;
(3) Greater and better investment to improve efficacy in communication and marketing;
(4) Implementation of a process management culture, in an effort to achieve productivity gains;
(5) Give new strength to our corporate culture, investing in the development of leaders aligned with our values.

(1) Survey held by Ipsos Insight - Brazil
(2) Innovation index: Gross revenues from the year's innovative products (products that were launched or improved in the last 24 months) / Total gross revenues for the year.
(3) Latin America excluding Brazil



(1) Data from Natura Empreendimentos

> FINANCIAL SUMMARY

> **Consolidated Financial Summary** (R$ million)

	4Q07	4Q06	Change %	2007	2006	Change %
Units sold – items for resale (in millions)[1]	83.4	76.1	9.5%	284.9	253.2	12.5%
Gross Revenues	1,312.5	1,201.0	9.3%	4,301.6	3,890.0	10.6%
Net Revenues	937.8	852.8	10.0%	3,072.7	2,757.0	11.5%
Gross Profit	632.4	548.2	15.4%	2,080.4	1,865.7	11.5%
Gross Margin (%)	*67.4%*	*64.3%*		*67.7%*	*67.7%*	
EBITDA[2]	199.4	177.5	12.3%	702.0	654.5	7.3%
EBITDA Margin (%)	*21.3%*	*20.8%*		*22.8%*	*23.7%*	
Net Income	135.6	116.8	16.2%	462.3	460.8	0.3%
Net Margin (%)	*14.5%*	*13.7%*		*15.0%*	*16.7%*	
EPS (R$)	-	-		1.08	1.08	-
Dividends + Interest on Capital[3] per share (R$)				0.95	0.83	15.0%
Total consultants[4] (in thousands)	718.6	617.3	16.4%	718.6	617.3	16.4%

(1) Total consolidated number of Cosmetics, Fragrances and Toiletries products resold by our consultants. Therefore, units sold exclude samples, gifts, resale support material and *Crer para Ver* products, among others.
(2) EBITDA = income from operations before financial effects + non-operating income + depreciation & amortization.
(3) Including dividends and interest on own capital per share (net of withholding income tax) regarding the results of the fiscal year 2007, *ad referendum* of the Annual General Meeting to be held on March 31, 2008.
(4) Position at the end of the 17th sales cycle.

> COSMETICS, FRAGRANCE AND TOILETRIES (CF&T) SECTOR IN BRAZIL

According to data by Brazilian Association of Toiletries, Fragrance and Cosmetics Industry (Sipatesp/Abhipec), the core market[1] for cosmetics, fragrances and toiletries (CF&T) products posted a growth of 12.3% in the 5th bimester of 2007, when compared to the same period of the previous year. Discounted by the Consumer Price Index (IPCA) in the period, the growth was 7.8%.

In the first ten months of 2007, the core market posted a nominal growth of 13.4% year-on-year. Discounted by the Consumer Price Index (IPCA) in the period, real term growth amounted to 9.8%.

The table below shows the breakdown of the core market into two segments: cosmetics, fragrances and toiletries; and Natura's market share in these segments. The Company posted a reduction of 30 basis points in market share in the core market, from 22.2% in 10M06 to 21.9% in 10M07.

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

	Core Market (R$ million)			Natura's Market Share (%)		
	10M07	**10M06**	**Change %**	**10M07**	**10M06**	**Change pp**
Cosmetics and Fragrances	4,741.0	4,076.9	16.3%	34.6%	35.9%	-1.3
Toiletries	5,559.4	5,003.6	11.1%	11.0%	11.1%	-0.1
Total	**10,300.4**	**9,080.5**	**13.4%**	**21.9%**	**22.2%**	**-0.3**

Source: Sipatesp / Abhipec
(1) Core Market – Cosmetics and Fragrances (Skincare, Makeup, Fragrances and Sun Protection) and Toiletries (Soap, Hair Care, Deodorant and Shaving Products)

> CONSOLIDATED GROSS REVENUES

Consolidated gross revenues in 4Q07 were R$1,312.5 million, a growth of 9.3% year-on-year. In Brazil, gross revenues increased 8.4%, and in the foreign market, gross revenues increased 30.2% in reais (52.0% in weighted local currency). The participation of foreign market sales increased from 3.6% of total revenues in 4Q06 to 4.2% in 4Q07.

Consolidated gross revenues totaled R$4,301.6 million in 2007, a 10.6% growth year-on-year. In the domestic market, gross revenues increased 9.5%, and in the foreign market, gross revenues increased 41.4% in reais (58.2% in weighted local currency). The participation of foreign market sales increased from 3.4% of total revenues in 2006 to 4.3% in 2007.

The total number of consultants reached more than 718 thousand at the end of December 2007, posting a significant growth of 16.4% over the same period in the previous year.

> COSTS AND EXPENSES

Cost of Goods Sold (COGS) fell from 35.7% of net revenues in 4Q06 to 32.6% in 4Q07. This reduction is explained mainly by: (i) greater efficiency in the management of raw material prices; (ii) greater efficiency in the strategy of the Christmas kits; and (iii) price adjustments for our products in March 2007. Part of these effects was offset by increased losses with the discontinuity of products. In 2007, COGS remained stable at 32.3% when compared to the previous year.

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

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

Item	4Q07	4Q06	2007	2006
RM/PM[1]	26.2	29.2	25.4	25.4
Labor	2.5	2.5	2.8	2.8
Depreciation	1.1	0.9	1.2	1.1
Other	2.8	3.1	2.9	3.0
Total	**32.6**	**35.7**	**32.3**	**32.3**

(1) Raw materials and package material

Sales expenses, as a percentage of net revenues, increased 150 basis points, from 32.3% in 4Q06 to 33.8% in 4Q07. This increase resulted mainly from greater expenses with marketing, as planned and announced in October 2007.

In 2007, **sales expenses**, as a percentage of net revenues, also posted an increase of 150 basis points, from 32.1% in 2006 to 33.6% in 2007, resulting mainly from the expansion and opening of new operations in Venezuela and Colombia, in addition to the effects mentioned above.

Administrative expenses, as a percentage of net revenues, increased from 12.7% in 4Q06 to 13.7% in 4Q07. This change resulted from extraordinary effects, particularly the increase in provisions for civil liabilities.

In 2007, **administrative expenses** posted a slight reduction, from 13.4% in 2006 to 13.2% in 2007, as a percentage of net revenues. Greater IT expenses throughout the year were more than offset by a smaller provision for profit sharing, and by the recognition of gain (revenues) from tax litigations, whose judgment in favor of Natura was pronounced in August 2007 and accounted for in 3Q07.

> EBITDA AND NET INCOME

Consolidated EBITDA totaled R$199.4 million in 4Q07 against R$177.5 million in 4Q06, a growth of 12.3%. EBITDA margin increased from 20.8% in 4Q06 to 21.3% in 4Q07. The improved gross margin in the period more than offset the growth in operating expenses, resulting in a growth of 50 basis points in the EBITDA margin.

In 2007, **consolidated EBITDA** totaled R$702.0 million against R$654.5 million in 2006, posting a growth of 7.3%. The EBITDA margin was 22.8% in 2007, in line with our estimates disclosed in October 2007.

> **EBITDA** (R$ million)

	4Q07	4Q06	Change %	2007	2006	Change %
Net Revenues	937.8	852.8	10.0%	3,072.7	2,757.0	11.5%
(-) Cost of Sales and Expenses	759.5	689.2	10.2%	2,446.1	2,158.0	13.4%
EBIT	**178.3**	**163.6**	**9.0%**	**626.6**	**599.0**	**4.6%**
(+) Non-operating income	0.0	(0.1)	n/a	0.5	0.9	n/a
(+) Depreciation/amortization	21.1	14.0	50.7%	74.9	54.6	37.2%
EBITDA	**199.4**	**177.5**	**12.3%**	**702.0**	**654.5**	**7.3%**

Net income amounted to R$135.6 million in 4Q07 against R$116.7 million in 4Q06, a growth of 16.2%. In the year, net income totaled R$462.3 million against R$460.8 million in the previous year (+0.3%).

The difference between the growth rates of net income and EBITDA in the year resulted from: (i) the increase in depreciation from R$54.6 million in 2006 to R$74.9 million in 2007 (+37.2%); (ii) net financial expenses of R$9.4 million in 2007, against net financial revenues of R$9.9 million in 2006; and (iii) the greater effective income tax rate in 2007 as compared to 2006.

> CAPEX (FIXED ASSETS)

Capital expenditures (CAPEX) totaled R$120.9 million in 2007, mainly allocated to: (i) the expansion of production capacity and logistics, and (ii) information technology.

For 2008, estimated investments will total R$135 million, mainly allocated to: (i) manufacturing and logistics; (ii) a new research and development center in Campinas; and (iii) information technology.

> PRO-FORMA RESULTS BY AREA OF OPERATION

Since 2Q07, we have presented pro-forma results of each area (Brazil, operations under consolidation and operations under implementation), in Reais. The profit margin earned in Brazil's exports to international operations was deducted from the COGS of respective operations, showing the real impact of these subsidiaries[1] on Natura's consolidated results.

Thus, the Brazil Statement of Income only shows the results of sales in the domestic market.

> **EBITDA pro-forma by Areas of Operation** (R$ million)

	4Q07	4Q06	2007	2006
Brazil	217.2	194.5	759.7	697.6
Argentina, Chile and Peru	(2.4)	(6.4)	(3.9)	(8.5)
Mexico, Venezuela, Colombia and France	(12.6)	(10.9)	(41.5)	(33.3)
Effects of exchange variation on translation of foreign investments	(2.8)	0.3	(12.3)	(1.3)
Total	**199.4**	**177.5**	**702.0**	**654.5**

(1) This adjustment is complete, since Natura Cosméticos S.A holds 100% of the capital of these subsidiaries.
(2) The Colombian operation began since 1H07.

For 2008, expenses with international expansion in Latin America, France and the United States are estimated at R$97 million.

>> Brazil – Pro-forma Statement of Income

> **Financial Highlights – Brazil** (R$ million)

	4Q07	4Q06	Change %	2007	2006	Change %
Total Consultants[1] (in thousands)	632.4	561.1	12.7	632.4	561.1	12.7
Units sold – items for resale (in millions)	77.5	71.8	7.9	265.9	241.0	10.3
Gross Revenues	1,256.3	1,158.6	8.4	4,115.8	3,759.5	9.5
Net Revenues	893.5	820.0	9.0	2,926.8	2,656.0	10.2
Cost of Sales	288.0	290.6	(0.9)	939.0	851.4	10.3
Gross Profit	605.5	529.4	14.4	1,987.8	1,804.6	10.2
Gross Margin	*67.8%*	*64.6%*	-	*67.9%*	*67.9%*	-
Selling Expenses	284.1	250.0	13.6	922.6	812.1	13.6
Administrative Expenses	117.6	97.3	20.9	371.5	336.4	10.4
Other Income (Expenses), net	(4.4)	1.1	-	3.5	1.1	-
Financial Income, net	(0.5)	(0.2)	-	(9.6)	9.9	-
Income from Operations	196.7	181.4	8.4	678.1	654.7	3.6
Net Income	155.3	134.1	15.8	527.9	509.0	3.7
EBITDA	217.2	194.5	11.7	759.7	697.6	8.9
EBITDA Margin	*24.3%*	*23.7%*	-	*26.0%*	*26.3%*	-

(1) Position at the end of the 17th sales cycle.

In Brazil, gross revenues amounted to R$1,256.3 million in 4Q07, against R$1,158.6 million in 4Q06, a growth of 8.4%. Average productivity per active consultant in the quarter remained stable at R$3.5 thousand.

In 2007, gross revenues from the Brazilian operation reached R$4,115.8 million, against R$3,759.5 million in 2006, a growth of 9.5%. The EBITDA margin remained strong at 26.0%, stable year-on-year.

In Brazil, the number of consultants amounted to 632.4 thousand at the end of 2007, posting a growth of 12.7% when compared to 2006. Productivity per average active consultant stood at R$12.2 thousand in the year, down 2.6% year-on-year (R$12.5 thousand in 2006).

>> Operations under consolidation - Argentina, Chile and Peru – Pro-forma Statement of Income

> Financial Highlights – Argentina, Chile and Peru (R$ million)

	4Q07	4Q06	Change %	2007	2006	Change %
Total Consultants[1] (in thousands)	69.4	51.2	35.5	69.4	51.2	35.5
Units sold – items for resale (in millions)	5.0	4.0	22.4	16.2	11.6	40.5
Gross Revenues	46.1	38.0	21.3	157.5	119.3	32.0
Net Revenues	35.5	29.1	22.0	121.2	91.3	32.7
Cost of Sales	14.4	11.5	25.2	44.9	35.3	27.2
Gross Profit	21.1	17.6	19.9	76.3	56.0	36.3
Gross Margin	*59.4%*	*60.5%*	-	*63.0%*	*61.3%*	-
Selling Expenses	19.1	19.3	(1.0)	65.6	50.7	29.4
Administrative Expenses	5.2	4.4	18.2	17.0	14.2	19.7
Other Income (Expenses), net	0.3	(0.6)	-	1.1	(0.6)	-
Financial Income, net	0.2	0.2	-	0.1	(0.1)	-
Income from Operations	(2.7)	(6.5)	(58.5)	(5.1)	(9.6)	(46.9)
Net Income	(3.3)	(6.4)	(48.4)	(8.6)	(11.7)	(26.5)
EBITDA	(2.4)	(6.4)	-	(3.9)	(8.5)	(54.1)
EBITDA Margin	*(6.7%)*	*(22.0%)*	-	*(3.2%)*	*(9.3%)*	-

(1) Position at the end of the 17th sales cycle.

For operations under consolidation, gross revenues posted a material growth of 42.4% in weighted local currency (21.3% in reais) in 4Q07 when compared to 4Q06. The EBTIDA margin posted a negative 6.7% result, against a negative 22.0% margin in the same period of 2006.

In the year of 2007, gross revenues grew by 46.5% in weighted local currency (32.0% in reais) when compared to 2006. Operating loss represented by EBITDA decreased from R$8.5 million in 4Q06 to R$3.9 million in 4Q07, with an EBITDA margin of -9.3% and -3.2%, respectively, despite continuous investments in new sectors.

The total number of consultants amounted to 69.4 thousand in the year, posting a sound growth of 35.5% when compared to 2006. Productivity per average active consultant was US$2.9 thousand, against US$2.8 thousand in 2006, representing a growth of 5.2%.

>> Operations under implementation – Mexico, Venezuela, Colombia and France Pro-forma results

> Financial Highlights – Mexico, Venezuela, Colombia and France (R$ million)

	4Q07	4Q06	2007	2006
Total Consultants[1] (in thousands)	16.8	5.1	16.8	5.1
Units sold – items for resale (in millions)	0.9	0.3	2.8	0.6
Gross Revenues	10.0	4.4	28.4	11.1
Net Revenues	8.7	3.8	24.6	9.6
Net Loss	(13.5)	(11.3)	(44.6)	(35.4)
EBITDA	(12.6)	(10.9)	(41.5)	(33.3)

(1) Position at the end of the 17th sales cycle.

Gross revenues for operations under implementation amounted to R$10 million in 4Q07, against R$4.4 million in the same period last year. Operating losses represented by EBITDA was R$12.6 million in 4Q07, against R$10.9 million in 4Q06.

In the year of 2007, revenues totaled R$28.4 million, against R$11.1 million in 2006, with a negative EBITDA of R$41.5 million, against R$33.3 million in 2006. The number of consultants per area of operations reached 16.8 thousand at the end of 2007, posting a substantial year-on-year growth. In 2007, the main highlight of this area was the opening of operations in Venezuela and Colombia, in February and June, respectively, and the expansion of the Mexican operation to the city of Monterrey. It is also worth mentioning the beginning of the prospection and design process of the American operation, which is forecasted to start in the first half of 2009.

> CASH FLOW

Internal cash flow generation[1] in 2007 totaled R$537.2 million, up 4.2% year-on-year. Out of this total, R$209.1 million was consumed by operating working capital[2], and R$46.6 million by other current and noncurrent assets and liabilities[3].

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

	2007	2006	Change %
Net income	**462.3**	**460.8**	**0.3**
(+) Depreciation and amortization	74.9	54.6	37.2
Internal cash generation[1]	**537.2**	**515.4**	**4.2**
Operating working capital[2]	(209.1)	(73.1)	186.2
Other assets and liabilities[3]	(46.6)	(46.7)	(0.1)
Operating cash generation	**281.4**	**395.6**	**(28.9)**
Capex	(120.9)	(193.6)	(37.5)
Free cash flow[4]	**160.5**	**202.0**	**(20.5)**

Out of the R$209.1 million increase in net working capital, approximately R$147 million refer to temporary events, particularly: (i) an extraordinary R$122 million increase in accounts receivable, due to a more flexible credit policy for 2007 Christmas sales; (ii) an increase of R$25 million in inventories, due to smaller-than-expected revenues.

It is also worth mentioning the R$39 million reduction in the balance of suppliers, due to a higher concentration of expenses at the end of 2006 – where approximately R$35.0 million may be deemed as atypical.

Accordingly, free cash flow generation[2] in 2007 was R$160.5 million, with a reduction of 20.5% year-on-year (2006 – R$202.0 million). Taking into consideration the extraordinary investment in accounts receivable, adjusted free cash flow generation would total R$288 million.

Note 1: (Net Income for the period) + (depreciation and amortization).
Note 2: (Internal cash generation) +/- (changes in working capital and long-term assets and liabilities) – (acquisitions of property, plant and equipment).
Note 3: Assets – Accounts receivable, inventories and short-term recoverable taxes. Liabilities – suppliers, payrolls, profit sharing and social charges, tax liabilities, provisions and freight payable.
Note 4: 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 provision for tax, civil and labor losses.

> DIVIDENDS AND INTEREST ON OWN CAPITAL

On February 27, 2008, the Board of Directors approved a proposal for submission to the Annual General Meeting to be held on March 31st, 2008, for the payment of dividends and interest on own capital related to 2007 earnings, in the amounts of R$375,890,168.61 e R$39,246,506.88 (R$33,359,530.85 net of withholding income tax), respectively.

Of the above amount, on August 10th, 2007 dividends and interest on own capital[1] related the earnings of the first half of 2007 were paid in the amounts of R$138,138,452.35 e R$39,246,506.88 (R$33,359,530.85, net of withholding income tax), respectively. The remaining balance, to be paid on April 08, 2008, after ratification by the Annual General Meeting, will be of R$237,751,716.27 as dividends.

These dividends and interest on own capital, related to the year 2007, will jointly represent a net remuneration of R$0.95 per share (R$0.83 per share in 2006).

(1) Referring also from August to December 2006.

> CORPORATE RESPONSIBILITY

Throughout our history, we have pursued long-lasting and high-quality relationships with those who interact with our business: shareholders, consumers, consultants, employees, suppliers, communities and other stakeholders, in Brazil and in our overseas operations.

In 2007, our capacity to generate and distribute wealth to these publics was once again expanded, particularly with the R$2.3 billion distributed to suppliers, and the R$1.7 billion to consultants.

Distribution of wealth (in millions of R$)

	2005	2006	2007
Shareholders	319.4	359.4	415.1
Consultants	1,311.7	1,583.9	1,722.1
Employees	306.4	379.7	390.3
Suppliers	1,731.7	2,132.3	2,329.7
Government	727.2	817.1	948.3

In the social scope, we want to maximize our capacity to interact with our publics, particularly through our consultants, who already total more than 632.4 thousand (Brazil). We focus on improving education conditions, social inclusion and relationship quality.

In 2007, we spread Relationship Principles and expanded the services of our Ombudsman's office, both launched in 2006 for employees in Brazil, for employees in other Latin American countries, and for suppliers. The Relationship Principles guide our relationship with all publics, including aspects such as diversity, appreciation of the individual and of creative innovation, and the capacity to dialogue. The Ombudsman's office, which is directly connected to our CEO, aims mainly at solving issues related to breaches in the application of the Principles.

Employees – Regarding employee relationships, Natura's corporate mood improved in 2007, and the general favorability index increased 2 percentage points, from 69% to 71% in Brazil, reversing the declining trend recorded since 2005 by the annual mood survey. Out-of-Brazil operations this index reached 72%.

The number of physically impaired individuals also evolved positively, from 185 to 251, above the target of 5% of physically impaired employees.

Consultants – At Movimento Natura, a program through which we try to raise awareness among our 632.4 thousand consultants and transform them into agents of social change, it is worth highlighting the incentive to purchase refills – which cause less impact to the environment and is cheaper –, which reached a sales record in 2007, at 21.3% of total items in the Brazilian Operation.

Consultants also contribute to the sale of *Crer para Ver* products, a line of products whose net results are fully invested in education projects. The total number of projects developed and supported by *Crer pare Ver* grew by 39% in 2007, reaching R$4.3 million.

Consumers – A satisfaction survey is carried out annually, where we investigate aspects related to products, prices and terms, consumer relationships, delivery, the post-sale period, customer service, communication channels and materials. The survey includes locations from five regions of the country, ranging from state capitals to rural towns. Favorability results are excellent, with ratios close to 100%.

Consumer Satisfaction	**Jan-05**	**Jun-06**	**Jun-07**
Favorability (%)[1]	98	97	97

(1) In surveys held up to January 2005, the data refer to the percentage of consumers who are "satisfied" or "fully satisfied". As of 2006, the data refer to the percentage of grades 8, 9 and 10.

Suppliers – The expansion of our operations in the last few years increased the number of suppliers, causing unevenness in the management of these relationships. Suppliers point out the high level of changes in Natura's employee structure, the fact that relationships have become colder and more distant, problems and issues related to communication, and changes in projects and scheduling as points needing improvement. We have been working hard to reverse this situation, establishing a constructive dialogue with our suppliers, who point out the Company's intention to allow or promote greater proximity as a positive factor.

Supplying communities –Natura currently works with 19 supplying communities located in the Amazon and Atlantic Rainforest ecosystems. We pursue means of adequately remunerating the supplying communities, not only for providing raw materials, but also for the traditional knowledge they have regarding these species.

Another highlight has been the creation of BioQLICAR. In addition to including training programs for the supplying communities in matters related to safety, finances and organization, the program allows for the monitoring thereof, establishing indicators and enabling the identification of opportunities to improve the supplying chain, taking sustainability aspects into consideration.

Surrounding communities – In Cajamar, the community that surrounds Natura's main productive plant, the development of local suppliers has increased. We fund training programs in defensive driving for taxis, and provide training for the bakery of Sítio Agar – an entity which houses HIV-positive children – in best management and hygiene practices, with a permanent advisory of a consulting company.

Project Neutral Carbon – From the environmental point of view, we wish to reduce our ecological footprint; in other words, the impacts of our activities in nature. In order to do so, we launched an ambitious program in 2007 aiming to mitigate and compensate for our greenhouse gas emissions throughout our entire productive chain, including suppliers. Over the next five years, we will reduce our emissions throughout the productive chain by 33%, and, starting in 2008, we will compensate for Natura's 2007 emissions.

Environmental impacts of products – Reducing the environmental impact of our products is a constant concern for us. In 2007, we started replacing common alcohol used in our products with organic alcohol, which is produced in accordance with good social and environmental practices. We also continue making progress in the "vegetalization" of our products, substituting animal and oil-made components by vegetable products. At the end of 2007, all of our body oils had been "vegetalized", and 78% of the raw materials used in our products came from renewable vegetable sources.

These initiatives can be evidenced in our **environmental table**, an initiative started in 2007. Based on the nutrition facts table, which is mandatory for food products, we have made available on the packages and on the Internet six indicators detailing the origin and destination of the materials used in our products.

The life cycle assessment (LCA), which measures the average environmental impact of packages, posted a reduction of 12% in 2007, from 83.2 mPt/kg to 73.4 mPt/kg.

Other Environmental management indicators

Energy consumption	2005	2006	2007
Total energy matrix (joules)	119.2×10^{12}	131.7×10^{12}	144.1×10^{12}
Energy consumption – Energetic matrix per bleed unit (kjoules / Unit)[1]	503.8	469.5	510.2

(1) In previous years, this indicator was reported in kjoules per unit sold, thus the record was changed.

Water consumption	2005	2006	2007
Total water consumption (m3)	136,677	141,883	117,451
Water consumption per billed unit (L / unit)[1]	0.58	0.53	0.42

(1) In previous years, this indicator was reported in liters per unit sold, thus the record was changed.

Disposal of Residues	2005	2006	2007
Percentage of residues recycled (%)	81.09	84.13	88.03
Total weight of disposed residues (tonne)	5,975.9	6,831.4	6,799.9
Wight of residues per billed unit (grams / unit)[1]	25.3	25.7	24.1

(1) In previous years, this indicator was reported in tonnes per unit sold, thus the record was changed.

Corporate Governance

Natura adopts a broad corporate governance model aimed at meeting the interests of all publics. Our governance includes all relationship initiatives, guided by transparency and ethics.

Natura evolved in 2007 from the governance structure standpoint. Two new members are now part of the Board: Julio Moura Neto, Chairman of the Board of Directors and Chief Executive Officer at GrupoNueva, a holding company that is present in 15 countries, and Chairman of the Board of Directors at MASIS, a company listed on the New York Stock Exchange (US) and on the Santiago Stock Exchange (Chile); and Luiz Ernesto Gemignani, Chief Executive Officer at Promon, Chairman of the Deliberative Council of the *Fundação Promon de Previdência Social*, Vice-Chairman of the Council of Curators of the *Fundação Nacional de Qualidade*, and member of the Management Council of the Supplementary Pension Plan of the Social Pension Plan Ministry. These additions result in a contribution of knowledge to the other five members at a time when Natura prepares for a new growth cycle and continues the expansion of its international operations.

Another highlight in 2007 was the creation of the International Committee, which is subordinate to the Board of Directors, and whose purpose is to ensure the continuity of

Natura's path to internationalization, in addition to assessing governance and the adoption of our beliefs in the countries where we operate. Furthermore, the former People and Organization Committee was split in two new bodies: the People Committee and the Management Systems Committee. As a result of this move, each of these subjects receives greater attention, with monitoring by different people in specific meetings.

> CONFERENCE CALL & WEBCAST

Portuguese: **Friday, February 29, 2008**
08 a.m. US EST

English: **Friday, February 29, 2008**
10 a.m. US EST

Participants in Brazil: +55 11 4688-6301
Participants in the USA: Toll Free +1 800 860-2442
Participants in other countries: +1 412 858-46000
Conference Call ID: Natura

Live online webcast at: www.natura.net/investidor

> INVESTOR RELATIONS

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> Exhibit 1 – Statement of Income (Consolidated)

R$ million	4Q07	4Q06	2007	2006
Gross sales to domestic market	1,255.3	1,157.0	4,111.5	3,755.0
Gross sales to foreign market	56.9	43.7	188.9	133.6
Other sales	0.3	0.4	1.2	1.4
GROSS OPERATING REVENUES	1,312.6	1,201.0	4,301.6	3,890.0
Taxes on sales, returns and rebates	(374.7)	(348.3)	(1,228.9)	(1,133.0)
NET OPERATING REVENUES	937.8	852.8	3,072.7	2,757.0
Cost of sales	(305.4)	(304.6)	(992.3)	(891.3)
GROSS PROFIT	632.5	548.2	2,080.4	1,865.7
OPERATING (EXPENSES) INCOME				
Selling	(316.9)	(276.0)	(1,033.2)	(885.7)
General and administrative	(100.4)	(71.1)	(377.5)	(330.8)
Employee profit sharing	(28.7)	(37.4)	(28.6)	(37.4)
Management compensation	(2.2)	(1.6)	(9.5)	(12.4)
Other operating expenses, net	(5.9)	1.4	(4.9)	(0.4)
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	178.3	163.6	626.6	599.0
Financial income	16.3	7.3	51.0	43.4
Financial expenses	(16.5)	(7.2)	(60.4)	(33.5)
INCOME FROM OPERATIONS	178.1	163.7	617.3	608.9
Nonoperating income, net	(0.0)	(0.1)	0.5	0.9
INCOME BEFORE TAXES ON INCOME	178.1	163.6	617.8	609.8
Income and social contribution taxes	(42.5)	(46.9)	(155.5)	(149.0)
NET INCOME BEFORE MINORITY INTEREST	135.6	116.8	462.3	460.8
NET INCOME	**135.6**	**116.8**	**462.3**	**460.8**

> Exhibit 2 – Balance Sheet as of 12/31/2007 and 12/31/2006 (consolidated)

ASSETS	2007	2006
CURRENT ASSETS		
Cash and banks	49.4	65.3
Cash investments	356.0	209.9
Trade accounts receivable	535.5	374.2
Inventories	251.1	237.1
Recoverable taxes	49.4	38.7
Advances to employees and suppliers	3.6	12.7
Deferred income and social contribution taxes	52.8	32.2
Other receivables	25.5	20.5
Total current assets	**1,323.3**	**990.6**
NONCURRENT ASSETS		
Long-term assets:		
Recoverable taxes	22.3	21.0
Deferred income and social contribution taxes	34.3	35.8
Escrow deposits	38.6	13.4
Advances to suppliers	3.9	2.7
Other receivables	0.6	0.6
Cash investments	4.8	4.3
Permanent assets:		
Investments	-	0.6
Property, plant and equipment	471.0	445.5
Intangible assets	63.8	51.4
Total noncurrent assets	**639.3**	**575.3**
TOTAL ASSETS	**1,962.6**	**1,565.9**

LIABILITIES AND SHAREHOLDERS' EQUITY	2007	2006
CURRENT LIABILITIES		
Loans and financing	284.7	75.9
Domestic suppliers	173.6	208.7
Foreign suppliers	2.1	5.5
Salaries, profit sharing and related charges	87.1	88.7
Taxes payable	118.5	95.7
Dividends	237.9	213.8
Accrued freight	18.1	18.9
Other payables	21.4	18.5
Reserve for tax, civil and labor contingencies	13.4	-
Allowance for losses on swap and forward transactions	8.5	2.2
Sundry accruals	0.9	3.7
Total current liabilities	**966.2**	**731.6**
NONCURRENT LIABILITIES		
Loans and financing	260.0	127.1
Reserve for tax, civil and labor contingencies	51.0	62.2
Other payables	7.3	4.3
Total noncurrent liabilities	**318.3**	**193.6**
SHAREHOLDERS' EQUITY		
Capital	390.6	233.9
Capital reserves	124.5	134.9
Profit reserves	165.2	272.1
Treasury shares	(2.2)	(0.2)
Total shareholders' equity	**678.1**	**640.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,962.6**	**1,565.9**

> Exhibit 3 – Cash Flow Statement (consolidated)

R$ million	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	462,3	460,8
Adjustments to reconcile net income to net cash provided by operating activities:		-
Depreciation and amortizations	74,9	54,6
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	4,7	14,5
Reserve for losses on swap and forward contracts	28,1	4,0
Reserve for tax, civil and labor contingencies, including monetary variation on those reserves	5,4	13,0
Income tax, social contribution and other deferred taxes	(24,0)	(13,0)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	8,2	2,5
Other adjustments of income, including provisions in allowance for inventory losses	9,6	1,6
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	(161,4)	(57,9)
Inventories	(23,6)	(86,4)
Other receivables	(5,5)	(2,3)
Noncurrent assets (long-term assets):		
Escrow deposits	(68,2)	(29,4)
Recoverable taxes	(1,3)	(8,0)
Other receivables	0,9	(2,6)
Subtotal	**(259,1)**	**(186,6)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	(32,1)	54,7
Salaries, profit sharing and related charges, net	(1,1)	15,6
Taxes payable, net	64,7	(4,4)
Other payables	(3,4)	6,2
Noncurrent liabilities (long-term liabilities):		
Other payables	3,0	8,5
Subtotal	**31,1**	**80,6**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**341,2**	**432,1**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(120,9)	(193,6)
Investments	-	-
Other Investments	0,6	-
NET CASH USED IN INVESTING ACTIVITIES	**(120,3)**	**(193,6)**
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in loans	(581,9)	(116,0)
Fundings - loans	913,5	111,3
Payments of swap and forward transactions	(21,8)	(4,5)
Payment of dividends	(351,8)	(307,1)
Payment of interest on capital	(39,2)	(51,3)
Payment of capital	2,8	3,1
Acquisition of treasure shares	(22,7)	-
Tax incentives	2,8	3,9
Sale of treasury shares by exercise of stock options	7,5	8,6
Payment of receivables from shareholders	0,1	2,3
NET CASH USED IN FINANCING ACTIVITIES	**(90,7)**	**(349,8)**
NET DECREASE (INCREASE) IN CASH AND BANKS	**130,2**	**(111,3)**
Cash and banks at beginning of year	275,2	386,4
Cash and banks at end of year	405,4	275,2
CHANGE IN CASH AND BANKS	**130,2**	**(111,3)**

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.