

A photograph of two women in a natural setting, possibly a forest or park. They are both smiling and looking towards the right. The woman in the foreground is pointing her right hand towards the right. The background shows a large tree trunk and green foliage.

Manual for Participation in the 2010 Annual and Extraordinary Shareholders' Meetings

April 6, 2010



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Message from the President's Office

Dear Shareholders,

In a period marked by the world economic crisis and by the frustrating deadlock in the negotiations for an agreement to overcome the climatic changes, we celebrate our 40 years of important achievements: we have started to enjoy the enthusiasm of more than one million consultants, we have gained market share and we have evolved in the quality of relations with our publics.

We have fulfilled the commitments that assumed three years ago and, as a consequence, we have generated more value for all those that share with us the dream of working for a better world.

We invite everyone to participate in the Annual and Extraordinary Meetings of Natura Cosméticos S.A., which will be held on April 6 at our head offices in Itapeverica da Serra, in order to celebrate these achievements and exercise your voting rights.

In addition to the Meetings that will be held at our head offices, we will hold a reunion on that same day, as from 10 a.m., at the Natura Cajamar Space, when you will be able to become more familiar with our way of creating and commercializing products and services, and with our challenges for the coming years. The agenda of the event can also be found in this Manual.

It will be a pleasure to welcome you at our Natura Spaces.

Cordially,



Antonio Luiz da Cunha Seabra
Co-Chairman of the Board of Directors

Guilherme Peirão Leal
Co-Chairman of the Board of Directors

Pedro Luiz Barreiros Passos
Co-Chairman of the Board of Directors

Alessandro Giuseppe Carlucci
President and Chief Executive Officer



2 Invitation

Annual and Extraordinary Shareholders' Meetings

Date April 6, 2010

Time 10:00 a.m.

Local Head offices of Natura Cosméticos S.A.
Rodovia Régis Bittencourt, s/nº, Km. 293
Bairro Potuverá – CEP 06882-700
Itapecerica da Serra-SP, Brazil

2 Extraordinary Shareholders' Meeting

» To ratify the alteration of the wording of Article 5 and of the main provision of Article 6 of the Company's By-Laws, relative, respectively, to the amount of capital stock and the number of subscribed and paid-in shares of the Company, as well as the limit of authorized capital, deriving from the exercise of purchase options or subscription of common shares issued by the Company conducted from July 1, 2009 to February 24, 2010, by the administrative officers and employees of the Company, as well as the administrative officers and employees of the companies controlled directly or indirectly by the Company, participants in the Plans for Granting of Purchase Options or of Subscription of Common Shares Issued by the Company;

» Inclusion of paragraph one to article 15 of the Company's Bylaws to ascribe, in the event of a tie in the voting of a matter, at a Board of Directors' meeting, the casting vote to the Co-Chairman of the Board of Directors who is presiding over the meeting to break the tie in the resolution, with the consequent renumbering of the sole paragraph of article 15 as paragraph two; and

» To alter the wording of item XXIV of Article 20 of the Company's By-Laws, in order to strengthen

the Board of Directors' authority for resolution on issuance of promissory notes.

Annual Shareholders' Meeting

» To receive the Administrative Officers' Accounts and to examine, discuss and vote on the Management's Report, the Financial Statements and the Accounting Schedules, together with the Opinion of the Independent Auditors, relative to the fiscal year ended on December 31, 2009;

» To appraise the capital budget for 2010 and the allocation of net income for the fiscal year ended December 31, 2009, as well as the distribution of dividends and interest on equity;

» To elect the members of the Board of Directors of the Company; and

» To establish the overall remuneration of the Company's Administrative Officers, to be paid up to the date when the Annual Shareholders' Meeting in which the Company's shareholders will vote on the financial statements for the fiscal year ending on December 31, 2010.



2 Proposed agenda - Itapecerica

- 9:00 a.m.** Shareholders will meet at the Parking Lot of the Eldorado Shopping Mall for shuttle transfer to the head offices of Natura in Itapecerica da Serra.
- 10:00 a.m.** Welcome and opening of the meeting with breakfast.
- 10:20 a.m.** Opening of Shareholders Meetings in Itapecerica and simultaneous transmission to Cajamar.
- 10:50 a.m.** End of the Meetings and shuttle transfer of the shareholders from Itapecerica to the Natura Cajamar Space (optional).
- 11:30 a.m.** Arrival at the Natura Cajamar Space and presentation of results and plans, chat with Co-Chairmen Luiz Seabra, Guilherme Leal, Pedro Passos and Chief Executive Officer Alessandro Carlucci.
- 12:50 noon** Brunch
- 1:40 p.m.** Return to São Paulo or visit to the Natura Cajamar Space (optional)
- 2:40 p.m.** Return to São Paulo for the shareholders that visit the Natura Cajamar Space.

Location

Marginal Pinheiros

Av. Brigadeiro Faria Lima

Av. Paulista

Av. Consolação

MASP

Hospital das Clínicas

Av. Eusébio Matoso

Estação Hebraica-Rebouças

Rodoanel

Av. Francisco Morato

Hospital Albert Einstein

Rod. Régis Bittencourt

269 Km

277 Km

293 Km

Divisa São Paulo / Taboão da Serra

Jóquei Clube

natura

Rod. Régis Bittencourt

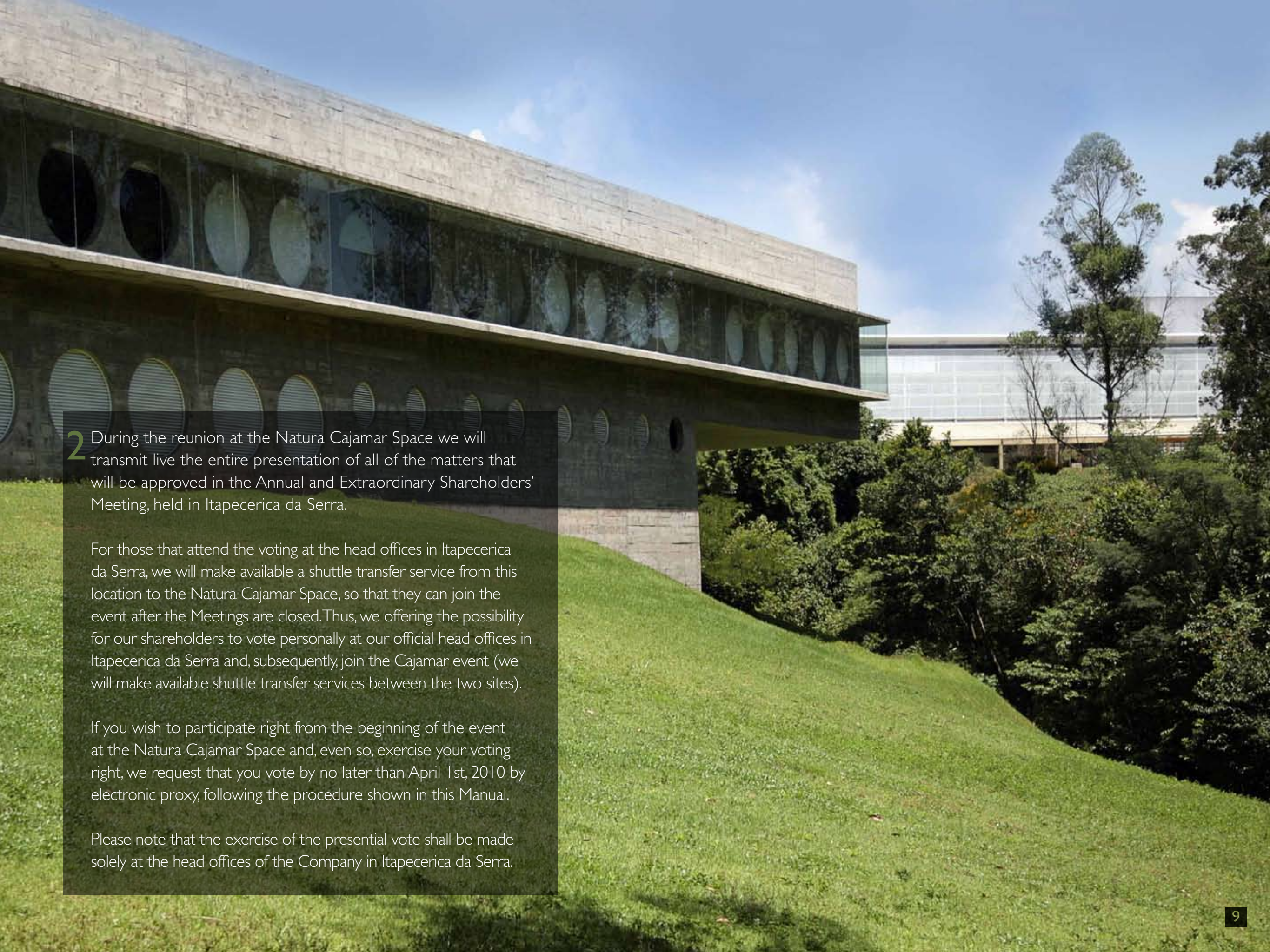


2 Natura Cajamar Space Reunion

Date April 6, 2010

Time 10:00 a.m.

Place Natura Cosméticos S.A.
Rodovia Anhanguera, s/n, km 30,5
Cajamar-SP



2 During the reunion at the Natura Cajamar Space we will transmit live the entire presentation of all of the matters that will be approved in the Annual and Extraordinary Shareholders' Meeting, held in Itapecerica da Serra.

For those that attend the voting at the head offices in Itapecerica da Serra, we will make available a shuttle transfer service from this location to the Natura Cajamar Space, so that they can join the event after the Meetings are closed. Thus, we offering the possibility for our shareholders to vote personally at our official head offices in Itapecerica da Serra and, subsequently, join the Cajamar event (we will make available shuttle transfer services between the two sites).

If you wish to participate right from the beginning of the event at the Natura Cajamar Space and, even so, exercise your voting right, we request that you vote by no later than April 1st, 2010 by electronic proxy, following the procedure shown in this Manual.

Please note that the exercise of the presential vote shall be made solely at the head offices of the Company in Itapecerica da Serra.



2 Proposed agenda - Cajamar

- 9:00 a.m.** Shareholders will meet at Parking Lot of the Eldorado Shopping Mall for Shuttle transfer to the Natura Cajamar Space (optional)
- 10:00 a.m.** Welcome and opening of event with Breakfast
- 10:20 a.m.** Opening of the Shareholders Meetings in Itapecerica with simultaneous transmission to Cajamar
- 10:50 a.m.** Demonstration of Natura products
- 11:30 a.m.** Presentation of results and plans, chat with Co-Chairmen Luiz Seabra, Guilherme Leal, Pedro Passos and Chief Executive Officer Alessandro Carlucci
- 12:50 a.m.** Brunch
- 1:40 p.m.** Return to São Paulo or visit to Natura Cajamar Space (optional)
- 2:40 p.m.** Return to São Paulo for the shareholders that visited the Natura Cajamar Space.



Location



SKF

Via Anhanguera

Retorno

Pedágio

Rodoanel

30
Km

22
Km

Via Anhanguera

13
Km

Marginal Tietê

Ponte
Atílio Fontana

← Lapa

Casa Verde →



3 Procedures and Timeframes

Attending Shareholders

Shareholders that wish to participate in the Meetings should arrive a few minutes before the opening time designated in the Call Notice, bearing the following documents:

» Identification document with photo of the legal representative(s); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

Individual Shareholders

» Identification document with photo (RG [Identity Card], RNE [Foreign Identity Card], CNH (National Driver's License] or, further, ID cards of officially recognized professional classes); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

Investment Funds

» Certified copy of the restated regulations of the fund and of the by-laws or articles of association of its manager, as well as corporate documentation granting powers of representation (minutes of election of the executive officers and/or power of attorney);

» Identification document with photo of the legal representative(s); and

Corporate Shareholders

» Certified copy of the last restated by-laws or articles of association, and of corporate documentation granting powers of representation (minutes of election of executive officers and/or power of attorney);

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

3 Procedures and Timeframes

Shareholders represented by proxy

Shareholders that are unable to attend the Meetings, on April 6, 2010, may be represented by a proxy appointed within the last one (1)-year period, on the terms provided in Paragraph One of Article 126 of Law No. 6.404/76 ("Corporations Law"), bearing the following documents:

» Instrument of proxy with special powers for representation in Meetings and with certified signature of the Shareholder. The Company has made available attorneys who can represent the Shareholders on the date of the Meetings, voting according to voting instructions given by each Shareholder. This proxy can be granted by an electronic or physical document; If they wish to grant a physical power of attorney, please use the form contained in Chapter 6 hereof. In order to exercise its right to vote by electronic power of attorney, please, follow the procedures indicated in Item III below.

» Certified copy of the last restated by-laws or articles of association and of the corporate documentation granting powers of representation (minutes of election of the

executive officers and/or power of attorney), if the Shareholder is a Legal Entity;

» Identification document with photo of the proxy(ies); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

The proxies may only be granted to persons who fulfill at least one of the following requisites: (i) to be a shareholder or administrative officer of Natura; (ii) to be an attorney; or (iii) to be a financial institution, with the manager of an investment fund having the incumbency of representing the unitholders.

We recommend that the instruments of proxy for representation in the Meeting called hereunder be deposited by no later than 5:00 p.m. on April 1, 2010, at the following address: Avenida Juruá No. 253, 3rd floor, in the City of Barueri, State of São Paulo, Postal Code 06455-010, care of Mr. Helmut Bossert, Investors' Relations Manager.

Electronic proxy

For the Annual and Extraordinary Shareholders' Meetings on April 6, 2010, the Company will make available to the Shareholders the option voting by means of electronic proxy. For this purpose it is necessary only to take the following steps:

1st Record visit page <http://natura.infoinvest.com.br> or www.assembleianaweb.com.br/ass/natura.aspx, in the "CADASTRO" section, and complete the record form. A user name (login) and password to access the digital environment of the Meetings will be sent to the designated email.

During the process for record of corporate shareholders, documents may be requested to evidence the powers of the legal representative of the entity. The address for post dispatch of such documents will be provided following the register of the shareholder in the voting website.

2nd Digital Certificate If you do not yet have a valid digital certificate, visit page <http://natura.infoinvest.com.br> or www.assembleianaweb.com.br, in the "AGENDA DE ASSEMBLEIAS" section, click on the name Natura and insert the data of your CPF (Individual Taxpayers Register) and the password

provided previously. After this, follow the instructions of the site: complete the form, print, sign and send the documents requested to the designated address. In a few days you will receive your digital certificate and the instructions on how to use it in order to vote.

3rd Instruction of Vote by Eletronic Proxy in order to exercise your voting rights by granting an electronic proxy, visit page <http://natura.infoinvest.com.br> or www.assembleianaweb.com.br, in the "AGENDA DE ASSEMBLEIAS" section and click on the name Natura and insert the data of your CPF and the password provided previously. Upon accessing the digital environment of the Meetings, you may issue the orientations of your vote in relation to the matters contained in the Agenda. **The deadline for voting by electronic proxy will be April 1, 2010.**

It will be a pleasure to sponsor the first one thousand digital certificates requested by our shareholders, issued by Comprova/SERASA, through access to the Assembleia page on the Web, in this first year.

Foreign shareholders

Foreign Shareholders must present the same documentation that is applicable to Brazilian Shareholders, which, however, must be translated to Portuguese by a sworn-in translator, notarized and consularized.

If you have any doubts, please contact **Natura's Investors' Relations Management Office:**

Telephone: +55 (11) 4196-1421

Helmut Bossert

helmutbossert@natura.net

Patrícia Anson

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Guilherme Fukuda

guilhermefukuda@natura.net



4 Call Notice

NATURA COSMÉTICOS S.A.

CNPJ/MF (National Corporate Taxpayers Register of the Ministry of Finance)
No. 71.673.990/0001-77

NIRE (State Registration) No. 35.300.143.183

A Publicly-Held Company

Subscribed and Paid-In Capital: R\$404,260,779.22 – 430,274,561 ON
(registered common) shares

Authorized Capital: up to 11,035,564 ON shares

CALL NOTICE

ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETINGS

The Board of Directors of NATURA COSMÉTICOS S.A., through its Co-Chairman, acting as Chairman of the Meeting, Mr. Pedro Luiz Barreiros Passos, has the honor of inviting the Shareholders of this Company to convene in the Annual and Extraordinary Shareholders' Meetings, to be held at 10:00 a.m. on April 6, 2010, at the Company's head offices located in the City of Itapeccerica da Serra, State of São Paulo, on the Régis Bittencourt Highway, no numbering, Km 293, Building I, in order to resolve on the following agenda:

1. in the Extraordinary Shareholders' Meeting: (a) to ratify the alteration of the wording of Article 5 and of the main provision of Article 6 of the Company's By-Laws, relative, respectively, to the amount of capital stock and the number of subscribed and paid-in shares of the Company, as well as the

limit of authorized capital, deriving from the exercise of purchase options or subscription of common shares issued by the Company conducted from July 1, 2009 to February 24, 2010, by the administrative officers and employees of the Company, as well as the administrative officers and employees of the companies controlled directly or indirectly by the Company, participants in the Plans for Granting of Purchase Options or of Subscription of Common Shares Issued by the Company; **(b)** inclusion of paragraph one to article 15 of the Company's By-Laws, in order to ascribe in the case of a tie in the voting of a matter, in a meeting of the Board of Directors, the casting vote to the Co-Chairman of the Board of Directors who is presiding over the meeting to break the tie in the resolution, with the consequent renumbering of the sole paragraph of article 15 as paragraph two; **(c)** to change the wording of line XXIV of article 20 of the Bylaws of the Company to reinforce the competence of the Board of Directors for resolution of the issuance of promissory notes.

2. in the Annual Shareholders' Meeting: (a) to receive the Administrative Officers' Accounts and to examine, discuss and vote on the Management's Report, the Financial Statements and the Accounting Schedules, together with the Opinion of the Independent Auditors, relative to the fiscal year ended on December 31, 2009; **(b)** to appraise the capital budget for 2010 and the allocation of net income for the fiscal year ended December 31, 2009, as well as the distribution of dividends and interest on equity; **(c)** to elect the members of the Board of Directors of the Company; **(d)** to establish the overall remuneration of the Company's Administrative Officers, to be paid up to the date when the Annual Shareholders' Meeting in which the Company's shareholders will vote on the financial statements for the fiscal year ending on December 31, 2010.

General Information

» The shareholders that may participate in the Meeting called hereunder are those who are holders of registered common shares, with no par value, issued by the Company, on their own behalf or through their legal

representatives or proxies, provided that the mentioned shares are booked in their name by the depositary financial institution that is responsible for providing book-entry shares service for the Company, namely Banco Itaú S.A., pursuant to what is provided in Article 126 of Law No. 6.404/76. The Shareholders should present themselves a few minutes before the starting time designated in the Call Notice, bearing the following documents:

Individual Shareholders

» Identification document with photo (RG, RNE, CNH or, further, ID cards of officially recognized professional classes); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

Corporate Shareholders

» Certified copy of the last restated by-laws or articles of association, and of corporate documentation granting powers of representation (minutes of election of executive officers and/or power of attorney);

» Identification document with photo of the legal representative(s); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

Investment Funds

» Certified copy of the restated regulations of the fund and of the by-laws or articles of association of its manager, as well as corporate documentation granting powers of representation (minutes of election of the executive officers and/or power of attorney);

» Identification document with photo of the legal representative(s); and

» Document of proof of title to shares issued by Natura, issued by a financial institution responsible for recording book-entry shares and/or a custody agent within the last five (5) days.

The shareholders may also opt for granting (i) physical powers of attorney in order for attorneys indicated by the company to represent them on the date of the Shareholders Meeting, according to the form of a power of attorney available in the Manual for participation in Annual and Extraordinary Shareholders Meetings of 2010, or (ii) electronic proxies with voting instructions through the Internet by visiting the Natura Investors' Relations page (<http://natura.infoinvest.com.br/>). It is important to remember that voting instructions by electronic proxy require that the shareholder secure a digital certificate (see the Natura Investors' Relations page for more information on this process). It will be possible to grant electronic proxies and designate your vote from March 1, 2010 to April 1, 2010, at 11:00 p.m.

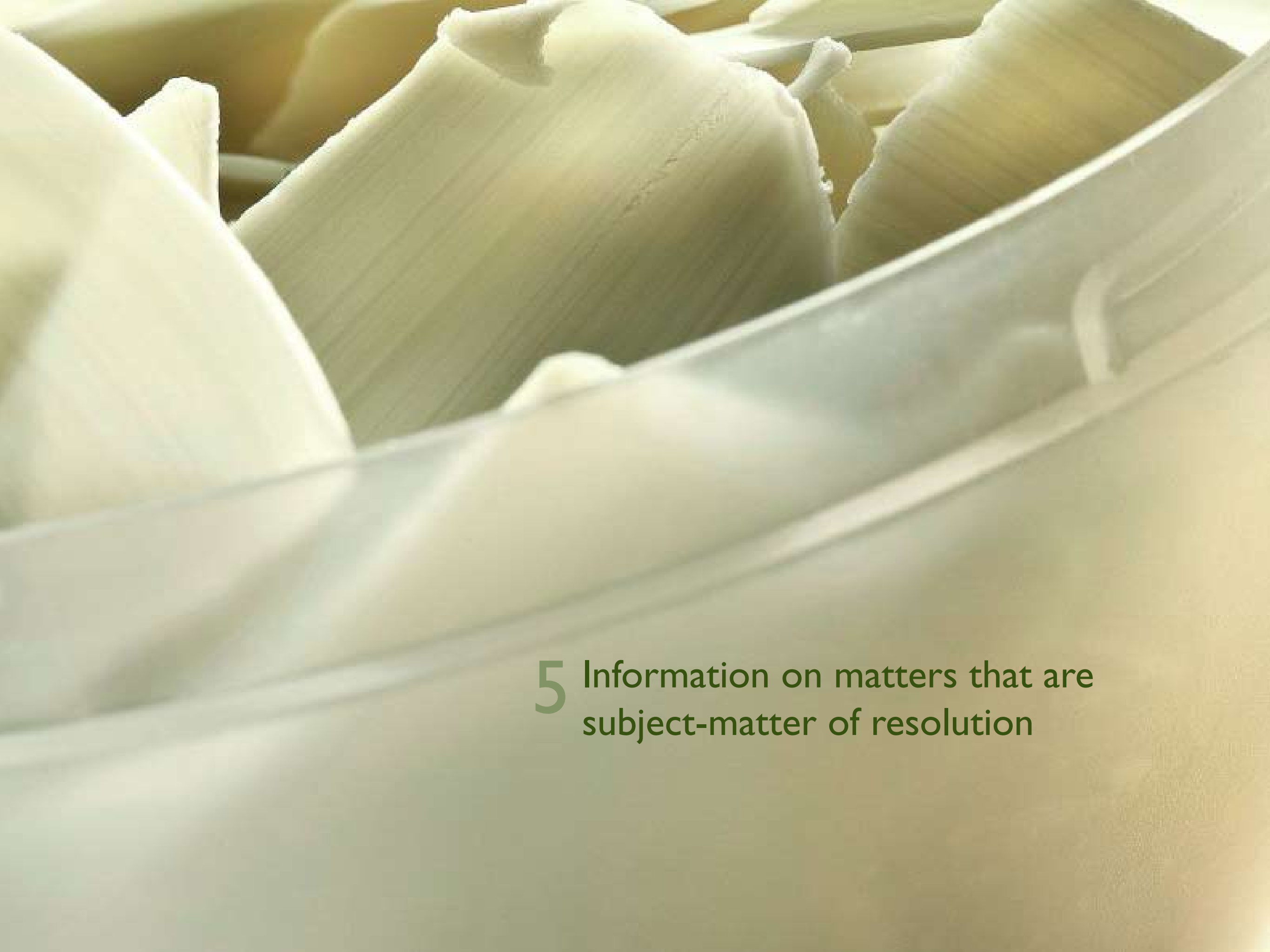
» All of the documentation pertinent to the matters that will be resolved in the Annual Extraordinary Shareholders' Meetings will remain at the disposal of the shareholders at the Company's head offices, in the Natura Investors' Relations page (<http://natura.infoinvest.com.br/>) and in the CVM (Brazilian Securities Commission) page (www.cvm.gov.br), on the terms of Paragraph Three, Article 135 of Law No. 6.404/76 and of Article 6 of CVM Instruction No. 481/09.

» The minimum percentage for adoption of the multiple vote process for election of the members of the Board of Directors is five percent (5%), on the terms of Article 3 of Normative Instruction No. 165, issued by the Brazilian Securities Commission on December 11, 1991, as subsequently amended.

» The shareholders will find all of the information that is necessary for better understanding of the matters above, as well as instruction for granting proxies in the Manual Participation in the 2010 Annual and Extraordinary Shareholders' Meetings, which is available on the Natura Investors' Relations page (<http://natura.infoinvest.com.br/>) and in the CVM page (www.cvm.gov.br).

Itapecerica da Serra, February 25, 2010

PEDRO LUIZ BARREIROS PASSOS
Chairman of the Board of Directors



5 Information on matters that are subject-matter of resolution

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(a) to ratify the alteration of the wording of Article 5 and of the main provision of Article 6 of the Company's By-Laws, relative, respectively, to the amount of capital stock and the number of subscribed and paid-in shares of the Company, as well as the limit of authorized capital, deriving from the exercise of purchase options or subscription of common shares issued by the Company conducted from July 1, 2009 to February 24, 2010, by the administrative officers and employees of the Company, as well as the administrative officers and employees of the companies controlled directly or indirectly by the Company, participants in the Plans for Granting of Purchase Options or of Subscription of Common Shares Issued by the Company (item I of the proxy).

In the period from July 1, 2009 to February 24, 2010, two hundred and eighty-nine thousand, three hundred and ninety-seven (289,397) registered common shares, with no par value, were subscribed and paid in, of the one million, five hundred and fourteen thousand, seven hundred and fifty (1,514,750) registered common shares, with no par value, issued on February 28, 2007, as approved by the Company's Board of Directors on the mentioned date, to carry out the exercise of the options granted to the administrative officers and collaborators of the Company, and of the companies that it controls directly or indirectly, participants in the Plan for Granting of Purchase Options or of Subscription of Common Shares Issued by the Company relative to Calendar Years 2004, 2005 and 2006.

In this way, the Company's capital stock went from four hundred and one million, one hundred and sixty-six thousand, three hundred and eighty-seven Reais and sixty-four cents (R\$401,166,387.64), on August 5, 2009, to four hundred and four million, seven hundred and fifty-nine thousand, one hundred and thirty-eight Reais and thirty-two cents (R\$404,759,138.32), on February 24, 2010.

The number of subscribed and paid-in registered common shares, with no par value, went from four hundred and thirty million, twenty-eight thousand, sixty hundred and ninety-nine (430,028,699) registered common shares, with no par value, on August 5, 2009, to four hundred and thirty million, three hundred and eighteen thousand, ninety-six (430,318,096) registered common shares, with no par value, on February 24, 2010.

In the same way, the balance of authorized capital went from eleven million, two hundred and eighty-one thousand, four hundred and twenty-six (11,281,426) registered common shares, with no par value, on July 1, 2009, to ten million, nine hundred and ninety-two thousand, twenty-nine (10,992,029) registered common shares, with no par value, on February 24, 2010.

The two hundred and eighty-nine thousand, three hundred and ninety-seven (289,397) subscribed and paid-in registered common shares, with no par value, from August 5, 2009 until February 24, 2010 will be fully entitled to the dividends, interest on equity or any other remuneration declared after the date when they were subscribed and paid in.

As a result of the above alterations, the wording proposed for Article 5 and the main provision of Article 6 of the Company's by-laws is the following:

"Article 5 – The subscribed and paid-in capital stock of the Company is four hundred and four million, seven hundred and fifty-nine thousand, one hundred and thirty-eight Reais and thirty-two cents (R\$404,759,138.32), divided into four hundred and thirty million, three hundred and eighteen thousand, ninety-six (430,318,096) registered common shares, with no par value."

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“Article 6 - The Company is authorized to raise its capital stock up to a limit of ten million, nine hundred and ninety-two thousand, twenty-nine (10,992,029) registered common shares, with no par value.”

For further information about this subject-matter, please see a document contained in Annex I hereof (Capital Increase).

(b) inclusion of paragraph one to article 15 of the Company Bylaws to ascribe, in the case of a tie in the voting of a matter at a meeting of the Board of Directors, the casting vote to the Co-Chairman of the Board of Directors who is presiding over a meeting to break the tie in the resolution, with the consequent renumbering of the sole paragraph of article 15 as paragraph two (item II of the power of attorney).

We understand that the inclusion proposed will avoid the failure to approve important matters in the event of any ties in the decisions made by the Board of Directors. Therefore, when ascribing the casting vote to the Co-Chairman who is presiding over the meeting of the Board of Directors, we sought to accomplish better corporate governance practices.

By making such inclusion, article 15, paragraph one and two of the Company's bylaws shall become effective with the following new wordings, ad referendum of the next shareholders meeting of the Company:

“Article 15 – Any of the bodies of management validly meet with the attendance of the majority of its members and decides by the vote of the majority of those present.

Paragraph 1 – In the case of a tie in the voting of a matter at a meeting of the board of directors, it shall be incumbent

upon the Co-Chairman of the Board of Directors who is presiding over the meeting to cast the casting vote to break the tie in the resolution.

Paragraph 2 – Prior call to the meeting shall only be dispensed with as a condition of validity if all the members are present, in which case the votes delivered in writing are admitted for this purpose.”

(c) to alter the wording of item XXIV of Article 20 of the Company's By-Laws in order to strengthen the Board of Directors' authority for resolution on issuance of promissory notes (item III of the proxy)

The Board of Directors proposes to strengthen its authority for resolution on issuance of promissory notes, on account of what is provided in Article 9 of CVM Instruction No. 134, of November 1, 1990. The mentioned provision establishes that the issuer must provide on the authority to resolve on the issuance of promissory notes, which can be either of the shareholders' meeting or of the bodies of management.

Although the current wording of the Company's Bylaws authorizes the Board of Directors to issue promissory notes by means of the so-called commercial papers, we understand that it is necessary to adjust the wording of article 20 of the Bylaws to include the name promissory notes. Hence, the new wording shall reinforce more clearly and specifically such authority ascribed to the Board of Directors.

As a result of the change proposed above, the wording proposed for item XXIV of Article 20 6th (sic) of the Company's By-Laws is the following:

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“Article 20 – It is incumbent upon the Board of Directors, in addition to other attributions conferred on it by law or by the By-Laws:

(...)

XXIV. To establish the Executive Board’s limit of authority for securing any form of funding and for issuance of any credit instruments to secure funding, whether bonds, notes, commercial papers, promissory notes or others, as commonly used in the market, also resolving on the conditions for their issuance and redemption, and, for the cases that it defines, may require prior authorization of the Board of Directors as a condition for validity of the act;”

The wording of the Company’s By-laws, with the amendments proposed in letters (b) and (c), is included in the document attached to this Manual as Annex II (Proposals for amendment to the By-laws).

(d) to receive the Administrative Officers’ Accounts and to examine, discuss and vote on the Management’s Report, the Financial Statements and the Accounting Schedules, together with the Opinion of the Independent Auditors, relative to the fiscal year ended on December 31, 2009 (item IV of the proxy).

Which are the documents to be presented by the Company’s Management and how can the Shareholders have access to them?

» Management’s Report on the corporate business and the main administrative fax of the ended fiscal year;

» copy of the financial statements;

» the administrative officers’ comments on the Company’s financial condition, on the terms of item 10 of the Reference Form;

» opinion of the independent auditors; and

» opinion of the Fiscal Council, including any dissident votes, if any.

The Management documents are available for consultation on the Natura Investors’ Relations page (<http://natura.infoinvest.com.br/>) and on the CVM’s page (www.cvm.gov.br).

For more information about the Company’s performance in 2009, please see the document contained in Annex III of this Manual (Officers’ Comments).

(e) to appraise the capital budget for 2010 and the allocation of net income for the fiscal year ended December 31, 2009, as well as the distribution of dividends and interest on equity (item V of the proxy).

The amount of the capital budget for the current year, comprising permanent investment and working capital, is two

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hundred and thirty-eight million Reais (R\$238,000,000.00), allocated from the following sources: (i) eighty-two million, nine hundred and eighty-seven thousand, three hundred seventy-six Reais and eighty-nine cents (R\$82,987,376.89) from the Retained Earnings Reserve and, (ii) one hundred and fifty-five million, twelve thousand, six hundred and twenty-three Reais and eleven cents (R\$155,012.623.11) from third party funds.

The net income earned by the Company, which corresponds to the results for the fiscal year after deduction of the provisions for Income Tax and of the statutory participations, was R\$ six hundred and eight-three million, nine hundred and twenty-three thousand, five hundred and ninety-eight Reais and fifty-eight cents (R\$683,923,598.58) in the fiscal year ended December 31, 2009. Management proposes its allocation as follows:

| | |
|---|--------------------|
| Net Income for the fiscal year ended 12/31/2009 | R\$ 683,923,598.58 |
| Reserve for Tax Incentives (Subvention for Investments) | R\$ 3,145,095.80 |
| Allocations: | |
| Retained Earnings Reserve | R\$ 82,987,376.89 |
| Dividends | R\$ 554,537,349.50 |
| Interest on Equity (gross amount) | R\$ 43,253,776.39 |

For more information about this matter, please see document contained in Annex IV of this Manual (Allocation of Net Income).

(f) to elect the members of the Company's Board of Directors (item VI of the proxy).

The present Management of the Company designates the names below to make up the Board of Directors, with a term of office going up to the Annual Shareholders' Meeting for 2011.





Antônio Luiz da Cunha Seabra, 67 years old, graduated in Economics and founder and co-chairman of the Board of Directors of Natura. He was Superintendent at Remington Rand do Brasil and Manager of Laboratórios Bionat, when he generated a passion for cosmetics. He founded Natura in 1969, at the age of 27, in a small store on Rua Oscar Freire, in São Paulo, transforming it into one of the largest Brazilian cosmetics companies, which is strongly committed to ethics, to transparency and to sustainable development.



Guilherme Peirão Leal, 60 years old, holds a bachelor's degree in Business Administration from the University of São Paulo – USP. He is one of the founders, controllers and co-chairmen of the Board of Directors of Natura Cosméticos. In the last 20 years he has participated in the creation and governance of a number of social and business organizations. He is founder, former chairman and an incumbent member of the Higher Council of the **Instituto Ethos** – Empresas e Responsabilidade Social (Corporations and Social Responsibility), former chairman of the Higher Council and incumbent member of the Advisory Board of the **FUNBIO (Fundo Brasileiro para Biodiversidade)** (Brazilian Fund for Biodiversity), and a member of the Advisory Board of **WWF-Brasil**. For 8 years he performed as chairman of the Brazilian Association of Direct Sales. He was founder and coordinator of the **PNBE** – Pensamento Nacional das Bases Empresariais (National Thinking of the Businesspersons' Class); chairman of the Higher Council of the **Fundação Abrinq pelos Direitos das Crianças** (Abrinq Foundation for Children's Rights); one of the creators of Natura's **Crer para Ver Program**, which for 15 years has been dedicated to providing support to quality public education; board member and curator of the **Dom Cabral Foundation** and chairman of the Chairpersons Assembly of the

CTE – Centro de Tecnologia Empresarial (Business Technology Center). He was board member and one of the founders of the **Akatu Institute** for Conscious Consumption, a member of the G-50 group of business leaders of Latin America and also of the **CEAL** – Conselho de Empresários da America Latina (Businesspersons Council of Latin America). He as was board member of the **IEDI**- Instituto de Estudos para o Desenvolvimento Industrial (Institute for Studies of Industrial Development) and a member of the **CONSEA** – Conselho da Presidência da República para a Segurança Alimentar (Council of the Presidency of the Republic for Food Safety). He participated in the board of directors of the holding company of the **Nueva Group** and of the “**O Estado de São Paulo**” Group. Presently he is focused on providing support to the creation of the **ESCAS** – Escola Superior de Conservação Ambiental e Sustentabilidade (Higher School of Environmental Preservation and Sustainability), a partnership between the IPÊ – Instituto de Pesquisas Ecológicas (Institute for Ecological Research) and Natura. He is also dedicated to creating his **INSTITUTO ARAPYÁÚ** para a Educação e o Desenvolvimento Sustentável (for Education and Sustainable Development), the meaning of which in the Amerindian Guarani language corresponds to new time-space, in a concept of constant renovation.



Pedro Luiz Barreiros Passos, 58 years old, a production engineer from the Polytechnic School of the USP and a business administrator graduated from the Getúlio Vargas Foundation, he is co-chairman of the Board of Directors of Natura. Chairperson of the Board of the Institute for Studies for Industrial Development (IEDI), vice-chairman of the Curator's Council of the National Quality Foundation (FNQ) and member of the boards of the Institute for Technological Research (IPT), of the SOS Mata Atlântica (Atlantic Forest) Foundation, of the Endeavor Institute, of the Dom Cabral Foundation and of Totvs S/A. He is a production engineer graduated from the Polytechnic School of the University of São Paulo and a business administrator graduated from the Getúlio Vargas Foundation (sic).



José Guimarães Monforte, 62 years old, graduated in Economics from the Catholic of University of Santos. He is a member of the Board of Directors of Natura and President and Chief Executive Officer of PRAGMA Gestão de Patrimônio, and is also a member of the Board of Directors of Banco Tribanco and of Vivo. He was a member of Board of Directors of JHSF Participações, of Drogeria, of SABESP, of Claro, of Banco Nossa Caixa, of Pini Editora, of Caramuru Alimentos and of Klicknet. Member of OECD's (Organization for Economic Cooperation and Development) Advisory Panel for Efficiency of Boards of Directors. Member of the Advisory Board - Americas Cabinet of the Graduate School of Business of Chicago and of the Advisory Board of the ABERJE (Brazilian Association of Business Communication). He was vice-chairman of the ANBID (National Association of Development Banks) and of the Board of Directors of the Commodities Exchange Settlement Chamber. He was an executive on a number of banks and companies such as BANESPA, Merrill Lynch, Citibank, VBC Energia and Janos Comércio, Administração e Participações.





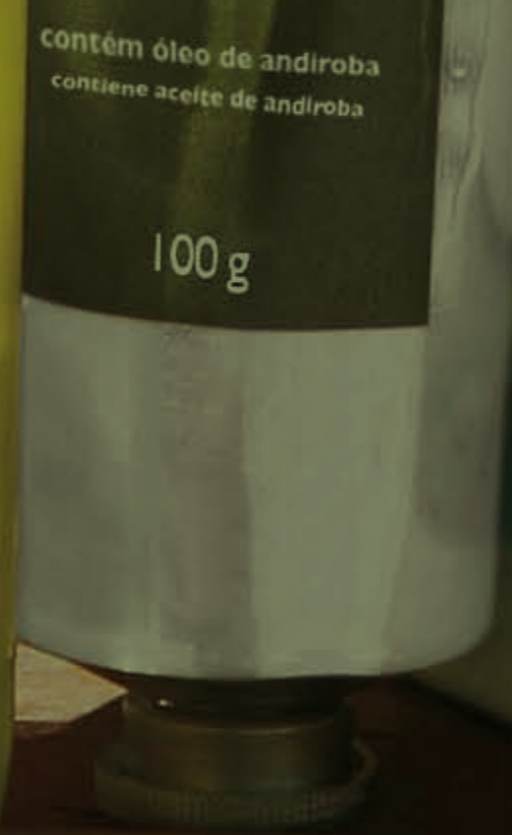
Julio Moura Neto, 57 years old, graduated in Mechanical and Nuclear Engineering from the Swiss Federal Institute of Technology (ETH), Zürich, Switzerland. He is also a graduate in Business Administration from the Sloan School of Management, M.I.T., Cambridge, USA. Presently a member of the Board of Directors of Natura Cosméticos and Chairman of the Strategic Committed of the Board. Julio Moura Neto is a member of the Executive Committee of the WBCSD (World Business Committee for Sustainable Development), headquartered in Geneva, Switzerland, and also a member of the Advisory Board for the Postgraduate School of Administration of the University of San Andrés in Buenos Ayres, Argentina. He has held office in the following positions, among others: Chairman of the Board of Directors and President and Chief Executive Officer of Grupo Nueva S.A., Chairman of the Board of Directors of MASISA S.A., President and CEO of the AMANCO Group; Executive Vice-President and member of the Executive Committee of Elevadores Schindler, in Luzern, Switzerland; Corporate Vice-President and President of the Latin America Division of SIKA, in Baar, Switzerland; Member of the Board of Directors of Messerli AG, Switzerland.



Luiz Ernesto Gemignani, 63 years old, graduated in Mechanical Engineering from the Polytechnic School of the University of São Paulo. He is a member of the Board of Directors of Natura, Chairman of the Board of Directors and President and Chief Executive Officer of the Promon Group, an organization in which he has been active since 1978. He also holds office as Chairman of the Higher Council of the Fundação Promon de Previdência Social (Promom Pension Plans Foundation), is a member of the Boards of Trópico Sistemas e Telecomunicações S/A, Promon-Logicalis Latin America Limited and P2-Brazil Infrastructure General Partner Ltd. He is Chairman of the Curators Council of the National Quality Foundation, and member of the Advisory Board of the Akatu Institute.



Edson Vaz Musa, 72 years old, graduated in Aeronautical Engineering from the Institute of Aeronautics Technology, he was President of Rhodia for thirteen years and a member of the Executive Committee of Rhône Poulenc. He is a member of the Board of Directors of Natura, of a number of non-profit organizations and also Chairman of the Board of Caloi. Throughout his career he was elected five times as one of the most important businesspersons in Brazil, with a number of prominence-of-the-year titles granted by Brazilian institutions. He is an officer of the Legion of Honor of France and a member of the National Order of Scientific Merit – Great Cross Class of 2002.





5 For more information about the Company's Management, please see document contained in Annex V of this Manual (Management Information).

It must be reminded that the Company's Shareholders, representing a minimum of five percent (5%) of the capital stock, can request in writing to the Company the adoption of the multiple vote process, on the terms of CVM Instruction No. 165/91.

Shareholders who wish to request adoption of the multiple vote process can do so in writing to the Company by no later than 6:00 p.m. of April 4, 2010, through the communication channels made available by the Investors' Relations Management Office.

(g) To establish the overall remuneration of the Company's Administrative Officers, to be paid up to the date when the Annual Shareholders' Meeting in which the Company's shareholders will vote on the financial statements for the fiscal year ending on December 31, 2010 (item VII of the proxy).

In the fiscal year ended December 31, 2009, the aggregate amount of remuneration paid by Natura to all of the members of its Board of Directors and its statutory executive officers, approved in the Annual Shareholders' Meeting, was of approximately seventeen million and five hundred thousand Reais (R\$17,500,000.00) out of which fourteen million, four hundred and ten thousand and six hundred Reais (R\$14,410,600.00) were paid to board members and statutory executive officers of Natura.

For the year 2010, Management proposes establishment of the overall remuneration of the Administrative Offices, until the next Annual Shareholders' Meeting for appraisal of the financial statements relative to the fiscal year ending on December 31, 2010, in the amount of fifteen million and four hundred thousand Reais (R\$15,400,000.00).

For more information about the Company's Management, please see document contained in Annex VI of this Manual (Management Remuneration).

6 Proxy Sample

(Proxy sample print version can be found in Annex VII of this Manual)

PROXY

I, [•], [nationality], [marital status], [profession], bearer of Identity Card RG No. [ID card number], enrolled with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. [CPF/MF number], resident at [address], a shareholder of **Natura Cosméticos S.A.** (“Natura” or “Company”) hereinafter the “Grantor”, hereby appoint as my proxies:

» **Rodrigo Marques França**, Brazilian, single, enrolled with the OAB/SP (Brazilian Bar Association/São Paulo Chapter) under No. 210.829 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 781.919.395-68, and **Plínio José Lopes Shiguematsu**, Brazilian, married, attorney, enrolled with the OAB/SP under No. 144.389 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 157.456.458-73, both with offices at Avenida Juruá No. 253, District of Alphaville, in the City of Barueri, State of São Paulo, to vote IN FAVOR of the matters contained in the agenda, according to the orientation expressed below cast by the Grantor;

» **Carolina Previtali Alves de Mello**, Brazilian, single, attorney, enrolled with the OAB/SP under No. 243.177 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 304.677.738-82, and **Julia Almeida Shimizu**, Brazilian, single, attorney, enrolled with the OAB/SP under No. 285.937 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 338.165.988-03, both with offices at Avenida Juruá No. 253, District of Alphaville, in the City of Barueri, State of São Paulo, to vote AGAINST the matters contained in the agenda, according to the orientation expressed below cast by the Grantor; and

» **Claudia Tichauer**, Brazilian, single, attorney, enrolled with the OAB/SP under No. 172.719 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 255.700.038-86, with professional address at Avenida Juruá, No. 253, Alphaville, City of Barueri, State of São Paulo, and **Gisele Trindade Silva**, Brazilian, single, attorney, enrolled with the Brazilian Bar Association, São Paulo Chapter under OAB/SP No. 200.621 and with the Individual Taxpayers Register of the Ministry of Finance under CPF/MF No. 031.450.746-95, with professional address at Rua Doutor Renato Paes de Barros, No. 1017, 7th floor, São Paulo, State of São Paulo to ABSTAIN in the matters contained in the agenda, according to the orientation expressed below cast by the Grantor.

hereinafter referred to as “Grantor(s)” or “Proxy(ies)”, granting to him/her/them powers to, acting jointly or severally, attend the Annual and Extraordinary Shareholders’ Meetings of the Company, to be held on April 6, 2010, at 10:00 a.m., examine, discuss and vote on behalf of the Grantor concerning the matters included in the Agenda as listed below, strictly in accordance with the instructions received from the Grantor.





6 Check with an X the square below, with the option that you desire:

in Favor Against Abstain

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| I – to ratify the alteration of the wording of Article 5 and of the main provision of Article 6 of the Company’s By-Laws, relative, respectively, to the amount of capital stock and the number of subscribed and paid-in shares of the Company, as well as the limit of authorized capital, deriving from the exercise of purchase options or subscription of common shares issued by the Company conducted from July 1, 2009 to February 24, 2010, by the administrative officers and employees of the Company, as well as the administrative officers and employees of the companies controlled directly or indirectly by the Company, participants in the Plans for Granting of Purchase Options or of Subscription of Common Shares Issued by the Company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| II – inclusion of paragraph one in article 15 of the Company’s Bylaws to ascribe, in the case of a tie in the voting of a matter in a meeting of the Board of Directors, the casting vote to the Co-Chairman of the Board of Directors who is presiding over the meeting to cast the casting vote to break the tie in the resolution, with the consequent renumbering of the sole paragraph of article 15 to paragraph two. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| III – to alter the wording of item XXIV of Article 20 of the Company’s By-Laws, in order to strengthen the Board of Directors’ authority for resolution on issuance of promissory notes. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| IV - to receive the Administrative Officers’ Accounts and to examine, discuss and vote on the Management’s Report, the Financial Statements and the Accounting Schedules, together with the Opinion of the Independent Auditors, relative to the fiscal year ended on December 31, 2009. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| V - to appraise the capital budget for 2010 and the allocation of net income for the fiscal year ended December 31, 2009, as well as the distribution of dividends and interest on equity. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| VI - to elect the members of the Board of Directors of the Company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| VII - to establish the overall remuneration of the Company’s Administrative Officers, to be paid up to the date when the Annual Shareholders’ Meeting in which the Company’s shareholders will vote on the financial statements for the fiscal year ending on December 31, 2010. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



For purposes of granting this mandate, the proxies will have limited powers when attending the Annual and Extraordinary Shareholders' Meetings of the Company for which they have received express powers, and for casting votes in accordance with the voting orientations manifested above, and will have no right nor obligation of taking any other measures that are not necessary for fulfillment of this mandate. The Proxies are hereby authorized to abstain from any resolution or act that, at their discretion, they have not received with sufficiently specific voting orientations. The Grantor must hold the above Proxies harmless and clear of any and all complaints, disputes, claims, losses or damages, of any kind, deriving from performance of this mandate, except for cases of acts practiced with abuse or excess of mandate, on the terms of applicable legislation.

This mandate, granted on this date and at this time, will be automatically revoked, rendering the terms contemplated herein null ipso jure, if a proxy is granted through the Assembleia na Web (Meeting on the Web) on a date or time subsequent to this proxy, whereby the last proxy granted will be valid for all legal purposes.

This mandate is to be exercised in accordance with the number of shares registered in the name of the Grantor on the date when the Shareholders' Meetings are held, on the terms of applicable legislation.

This instrument of proxy will be valid only for the abovementioned Annual and Extraordinary Shareholders' Meetings of the Company, whether on first or on second call.

[Place], [date]

[Name of Shareholder]

Taxpayer Card (CPF): [CPF No.]

Documentos e links relacionados

<http://www.natura.net>: Natura's website

<http://natura.infovest.com.br>: Natura Investors' Relations

<http://www.cvm.gov.br>: Legislation applicable to Joint Stock Companies and Information on the Company

<http://www.bmfbovespa.com.br>: Regulations for Listing in the Novo Mercado (New Market of the São Paulo Stock Exchange)

<http://www.assembleianaweb.com.br/ass/natura.aspx>: Registry sheet for granting of electronic power of attorney.

<http://www.ibgc.org.br>: Brazilian Institute of Corporate Governance

<http://www.abihpec.org.br>: Brazilian Association of the Personal Care, Perfumery and Cosmetics Industry

<http://www.abevd.org.br>: Brazilian Association of Direct Sales Companies





Annexes



ANNEX I – CAPITAL INCREASE

I. Amount of the increase and new value of the capital stock

Amount of the increase: R\$ 3,592,750.68 (three million, five hundred and ninety-two thousand, seven hundred and fifty reais and seventy-eight cents).

Thus, the Company's capital stock increases from R\$ 401,166,387.64 (four hundred and one million, one hundred and sixty-six thousand, three hundred and eighty-seven reais and sixty-four cents), on August 5, 2009, to R\$ 404,759,138.32 (four hundred and four million, seven hundred and fifty-nine thousand, one hundred and thirty-eight reais and thirty-two cents), on February 24, 2010.

The quantity of subscribed and paid-in common nominative shares with no par value increased from 430,028,699 (four hundred and thirty million, twenty-eight thousand, six hundred and ninety-nine) common nominative shares with no par value, on August 5, 2009, to 430,318,096 (four hundred and thirty million, three hundred and eighteen thousand and ninety-six) common nominative shares with no par value, on February 24, 2010.

Similarly, the balance of authorized capital will change from 11,281,426 (eleven million, two hundred and eighty-one thousand, four hundred and twenty-six) common nominative shares with no par value, on August 5, 2009, to 10,992,029 (ten million, nine hundred and ninety-two thousand and twenty-nine) common nominative shares with no par value, on February 24, 2010.

2. Inform whether the increase will be accomplished by means of: (a) conversion of debentures into shares; (b) the exercising of subscription rights or a subscription bonus; (c) capitalization of interest or reserve funds; or (d) subscription of new shares.

The capital stock increase will be achieved through subscription of new shares, within the limit of the authorized capital.



3. Explain, in detail, the reasons for increasing and the legal and economic consequences.

289,397 (two hundred and eighty-nine thousand, three hundred and ninety-seven) common nominative shares with no par value were subscribed in the period from July 1, 2009 to February 24, 2010, so that Company officers and employees, as well as those in companies directly and indirectly controlled by the Company, all participants of the Stock Option Plan, could exercise granted stock options relative to Calendar Years 2004, 2005 and 2006.

Shares subscribed in the period from July 1, 2009 to February 24, 2010 to meet the requirements of the Stock Option Plan are part of the issuance of 1,514,750 (one million, five hundred and fourteen thousand, seven hundred and fifty) common nominative shares with no par value, approved at the Company's Board of Directors Meeting held on February 28, 2007, with the purpose of meeting the requirements of the Stock Option Plan.

4. Supply a copy of the Audit Committee Report, if applicable

The Company does not possess a permanently assembled Audit Committee and currently does not have one instated.

5. In the case of capital increase through subscription of shares

a. State the application of resources

Resources obtained through the subscription of shares, as a result of employees exercising their Stock Options, were allocated to operating working capital.

b. State the number of shares issued, class and type of each

289,397 (two hundred and eighty-nine thousand, three hundred and ninety-seven) common nominative shares with no par value.

c. Describe the rights, advantages and restrictions attributed to shares to be issued

The Company's capital stock is represented exclusively by common shares and each common share entitles the owner to one vote in matters presented to shareholders.

d. Inform whether subscription is public or private

Subscriptions are conducted privately, by signing the Agreement on Subscription of Shares.



- e. In the case of a private subscription, inform whether related parties, as defined by accounting rules dealing with this matter, will subscribe shares for capital increase, specifying the respective amounts after they have been disclosed**

In the period from July 1, 2009 to February 24, 2010, one of the Company's statutory directors subscribed 5,893 shares within the Stock Option Plan. All issued shares were subscribed and paid-in by participants of said Plan.

- f. Inform the issue price of new shares or the reasons why its fixing is delegated to the Board of Directors, in the case of public distribution**

The issue price of new shares is defined when the Board of Directors approves the Stock Plan (see item "i" below).

- g. Inform the par value of issued shares or, in the case of shares with no par value, the portion of the issue price that will be allocated to capital reserves**

The value recorded in our Net Equity Changes Statement as "exercising of stock options" under Capital Reserves (Goodwill on the issuance/sale of Shares) is R\$ 1,767,265.33, comprising the entire value of the exercising of stock options in the 2009 period.

Deducting from R\$ 1,767 million the amount for the first semester of 2009 (R\$ 1,302,346.72) will result in the value for the period relative to the current capital increase: from July to December/2009, corresponding to 289,397 shares.

In the first semester of 2009, the value of options exercised totalled R\$ 1,302,346.72. In the second semester of 2009, between July and December, 289,397 shares were issued, totalling an increase of R\$ 464,918.61. In the beginning of 2010, from January to February 24, 43,535 shares were subscribed and paid-in, bringing the total to R\$ 498,359.10.

| | |
|---|-------------------|
| Disclosed on NECS related to 2009 | 1,767,265.33 |
| Value for the 1 st Semester/2009 | (1,302,346.72) |
| July to December/ 2009 (289,397 shares) | 464,918.61 |



h. Inform management’s opinion on the effects of the capital increase, especially regarding the dilution caused by the increase

Shares subscribed during the period from July 1, 2009 to February 24, 2010 represent a dilution of -0.0673% in the participation of shareholders in the Company’s stock capital. Considering that this dilution is irrelevant, we understand that there are no significant effects caused by the capital increase.

i. Inform the criteria for calculating the issue price and justify, in detail, the economic aspects affecting your choice

The Subscription or Acquisition Price of each Share corresponds to the Company’s Share Value, fixed according to criteria foreseen under letters “a” and “c” below, calculated on the date in which the Board of Directors approves the Plan and elects the Participants. Share Value will be determined based on the following criteria:

- a) value corresponding to the simple average of the last 30 (thirty) trading sessions which have been held over the last 60 (sixty) consecutive days, counted as of the period of 5 (five) days prior to the approval of the Plan every year, always adopting the daily average price of each trading session;
- b) should 30 (thirty) trading sessions not be held within the period of 60 (sixty) days aforementioned, the average mentioned above shall be obtained taking into account the full number of trading sessions held during said period, up to a minimum of 03 (three) trading sessions;
- c) if at least 03 (three) trading sessions within the 60 (sixty) days aforementioned are not held, the last trading sessions prior to the 60 (sixty) days shall be considered, up to the minimum number of 03 (three) trading sessions.

The price adjusted under the terms above shall be monetarily adjusted by the National Extended Consumer Price Index (IPCA) of the Brazilian Institute of Geography and Statistics (IBGE) up the effective date the Option is exercised, if the case may be. For purposes of calculating said adjustment, the following formula shall be adopted:



Subscription or Purchase Price adjusted in t =
 (Subscription or Purchase Price in s) * (IPCA in t) / (IPCA in s).

where

t = month of subscription or purchase

s = month stock option is granted

When the 'IPCA index in t' is not available, it will be estimated by employing the index of the previous month, that is, IPCA in t-1. In the subsequent month this estimated IPCA will be replaced by the actual index disclosed for the respective month.

Should the IPCA be made extinct, the Board of Directors shall elect another index which reflects real inflation during the period, to replace it.

The aforementioned price shall be foreseen in the Option Contract and shall be the same for all of the Participants of the same Plan.

- j. If the issue price has been fixed including goodwill or negative goodwill in relation to the market value, identify the reasons for goodwill or negative goodwill and explain how it was determined**

Not applicable.

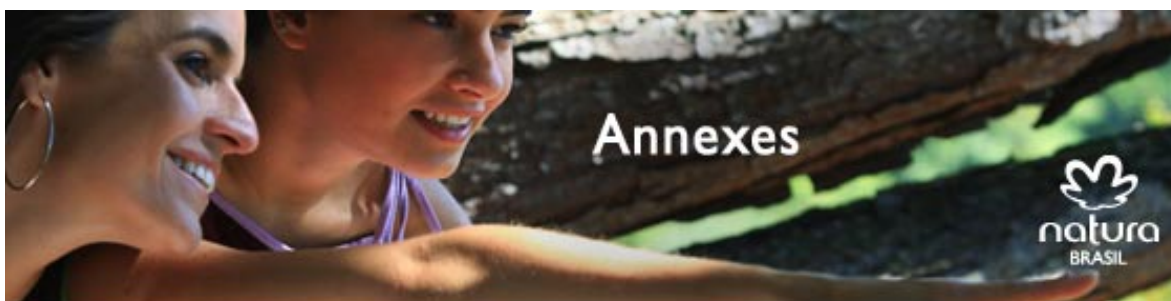
- k. Supply a copy of all reports and studies which support the determination of the issue price**

Not applicable.

- l. Inform the price quotation per share for each of the Company's share by type and class in the markets in which they are traded, identifying:**

- i. Minimum, average and maximum price for each year, over the last 3 (three) years**

| | Minimum price | Average price | Maximum price |
|------|---------------|---------------|---------------|
| 2007 | R\$ 15.234 | R\$ 26.709 | R\$ 23.2817 |
| 2008 | R\$ 12.94 | R\$ 21.777 | R\$ 18.2927 |
| 2009 | R\$ 17.772 | R\$ 38.77 | R\$ 27.2101 |



ii. Minimum, average and maximum price for each quarter, over the last 2 (two) years

| | Minimum price | Average price | Maximum price |
|------|---------------|---------------|---------------|
| 1Q08 | R\$ 12.94 | R\$ 17.558 | R\$ 16.9193 |
| 2Q08 | R\$ 14.37 | R\$ 19.471 | R\$ 18.622 |
| 3Q08 | R\$ 13.603 | R\$ 19.353 | R\$ 18.1121 |
| 4Q08 | R\$ 14.676 | R\$ 21.777 | R\$ 19.44 |
| 1Q09 | R\$ 17.772 | R\$ 22.913 | R\$ 20.8606 |
| 2Q09 | R\$ 21.091 | R\$ 29.085 | R\$ 25.4886 |
| 3Q09 | R\$ 24.588 | R\$ 31.97 | R\$ 28.3342 |
| 4Q09 | R\$ 30.59 | R\$ 38.77 | R\$ 33.647 |

iii. Minimum, average and maximum price for each month, over the last 6 (six) months

| | Minimum price | Average price | Maximum price |
|--------|---------------|---------------|---------------|
| Aug/09 | R\$ 26.60 | R\$ 30.49 | R\$ 28.5678 |
| Sep/09 | R\$ 29.78 | R\$ 31.97 | R\$ 30.9283 |
| Oct/09 | R\$ 30.85 | R\$ 34.11 | R\$ 32.4773 |
| Nov/09 | R\$ 30.59 | R\$ 34.54 | R\$ 32.8469 |
| Dec/09 | R\$ 33.97 | R\$ 38.77 | R\$ 36.2895 |
| Jan/10 | R\$ 33.15 | R\$ 39.12 | R\$ 35.5297 |

iv. Average price over the last 90 days

| | |
|--|-------------|
| Average price over the last 90 work days | R\$ 34.0576 |
| Average price over the last 90 calendar days | R\$ 35.3189 |



m. State the issuing price of shares for capital increases over the last 3 (three) years

The issuing prices of shares are defined when the Board of Directors approves the Stock Option Plan (see item “i” above) and are adjusted monetarily by IBGE’s IPCA until the effective Exercising of Options.

| Grant Date | 12.31.2009 Exercise price - R\$ | 12.31.2008 Exercise price - R\$ | 12.31.2007 Exercise Price - R\$ |
|----------------|------------------------------------|------------------------------------|------------------------------------|
| April 10, 2002 | - | - | 5.85 |
| April 10, 2003 | - | 3.47 | 3.28 |
| April 10, 2004 | 8.92 | 8.54 | 8.06 |
| March 16, 2005 | 19.12 | 18.33 | 17.31 |
| March 29, 2006 | 28.49 | 27.31 | 25.79 |
| April 24, 2007 | 26.94 | 25.76 | 24.33 |
| April 22, 2008 | 20.92 | 19.01 | - |
| April 22, 2009 | 22.82 | - | - |

n. State the percentage of potential dilution resulting from the issuance

The dilution percentage resulting from the issuance is -0.0673%.

o. State deadlines, conditions and the manner in which issued shares are subscribed and paid-in

Participants pay for subscriptions or purchase of Shares under the Stock Option Program in cash, using own resources.

p. State whether shareholders will have pre-emptive rights to subscribe to newly issued shares and specify the terms and conditions which this right is subject to

Shares are issued for the exercising of options granted to the Company’s management and employees and those of companies directly or indirectly controlled by the Company, who participate in the Stock Option Plan.



q. State management's proposal for treating eventual remainders

Being that shares are issued under the Stock Option Plan, there are no remainders.

r. Describe in detail procedures to be adopted in case there is partial approval of the capital increase is foreseen

Not applicable.

s. Should the issue price of the shares be, fully or partially, supported by assets

i. Supply a complete description of assets

ii. Clarify the relationship between the Company's equity assets and its corporate purpose

iii. Supply a copy of the asset evaluation report, should it be available

Not applicable.

6. In the case a capital increase occurs through the capitalization of profits or reserves

a. State whether this will involve altering the par value of shares, should it exist, or distributing new shares among shareholders

b. State whether the capitalization of profits or reserves will be accomplished with or without a change in the quantity of shares, in companies with shares with no par value



- c. In the case of distribution of new shares**
 - i. State the quantity of shares issued by each type and class**
 - ii. State the percentage that shareholders will receive in shares**
 - iii. Describe the rights, advantages and restrictions attributed to shares to be issued**
 - iv. State the price of acquisition, in reais per share, to be attributed so that shareholders may comply with article 10 of Law 9.249 of December 26, 1995**
 - v. State how subdivisions will be treated, should it be the case**
- d. Inform the timeframe pursuant to § 3, article 169 of Law 6.404 of 1976**
- e. State and supply information and documents pursuant to item 5 above, when warranted**

Not applicable.

7. In the event capital is increased through the conversion of debentures into shares or through the exercising of Bonus subscriptions

- a. State the quantity of shares issued by type and class**
- b. Describe the rights, advantages and restrictions attributed to shares to be issued**

Not applicable.



ANNEX II – PROPOSALS FOR AMENDMENT TO THE BY-LAWS

CHAPTER I NAME, HEADQUARTERS, PURPOSE AND DURATION

Article 1 - NATURA COSMÉTICOS S/A is a publicly-held corporation ruled by the present By-Laws, applicable legislation and by the New Market Listing Regulations.

Article 2 - The Company headquarters and jurisdiction are located in the city of Itapecerica da Serra, State of São Paulo, at Rodovia Régis Bittencourt, s/n.º, km 293, Bairro Potuverá, Edifício I, CEP 06882-700.

Paragraph 1 - The Company may install branches, agencies, warehouses, offices and any other establishments in the country by the Board of Executive Officers' resolution.

Article 3 - The Company's purposes are:

I. The exploration of trade, export and import of beauty, hygiene, toiletry products, cosmetics products, clothing articles, jewelry, costume jewelry, home articles, foods, nutritional supplements, software, books, publishing material, entertainment products, phonographic products, medicine, including phytotherapeutic and homeopathic drugs, pharmaceutical inputs and preparations destined to hygienization, and thus may practice all acts and carry out all operations related to its purposes.

II. The rendering of services of any nature, such as services related to esthetic treatments, marketing consulting, registration, planning and risk analysis.

III. The organization, interest and administration under any form in any company and business of any nature, in the capacity as partner or shareholder.

Article 4 - The Company duration is indeterminate.

CHAPTER II CAPITAL STOCK, SHARES AND SHAREHOLDERS

Article 5 – *The Company's subscribed and paid-up capital totals R\$404,759,138.32 (four hundred and four million, seven hundred and fifty- nine thousand, one hundred and thirty-eight real and thirty two cents), divided into 430.318.096 (four hundred and thirty million, three hundred and eighteen thousand and ninety-six) nominal common shares without par value.*

Article 6 – *The Company is authorized to increase its capital up to the limit of 10,992,029 (ten million, nine hundred and ninety- two thousand and twenty-nine) nominal common shares without par value.*

Paragraph 1 - Within the limits authorized in this Article, the Company, by means of Board of Directors resolution, may increase the capital stock regardless of By-Laws amendment. The Board of Directors shall define the issue conditions, including price and term for payment of subscribed shares.



Paragraph 2 - Within the limit of capital authorized, the Board of Directors may resolve on the issue of subscription bonus.

Paragraph 3 – General Meeting, the Board of Directors may grant call option or share subscription, according to the Program for the Granting of Call Option or Subscription carried at General Meeting, to its administrators and employees, as well as to administrators and employees of other companies directly or indirectly controlled by the Company, without preemptive right of Company shareholders, at the moment of granting or exercise of call option, complying the balance of authorized capital limit at the date of granting of referred call option or subscriptions to shares.

Paragraph 4 - It is void to the Company issue Beneficiary Parties.

Article 7 - The capital stock shall be exclusively represented by common shares and each common share shall correspond to the right to one vote in shareholders' decisions.

Article 8 - All the Company shares shall be book-entry shares and in the name of its holders. They shall be maintained in a deposit account with a financial institution authorized by the Securities Commission.

Sole Paragraph - The transfer and registering costs, as well as cost of service related to the shares in custody may be directly charged from shareholder by a depositary institution, as to be defined in the custody agreement.

Article 9 - Upon the Board of Directors' discretion, the preemptive right in the issue of shares, debentures convertible into shares and subscription bonus may be excluded or reduced, the placement of which is made through the sale at stock exchange or through public subscription, or even by means of share swap in a takeover bid, under the terms set forth by law within the limit of authorized capital.

**CHAPTER III
COMPANY'S ADMINISTRATION
SECTION I
GENERAL MEETING**

Article 10 - The General Meeting shall meet on an ordinary basis once a year and on an extraordinary basis, when called under the terms of Law or of these By-Laws.

Paragraph 1 - General Meeting's resolutions shall be taken by majority vote.

Paragraph 2 - The General Meeting may only resolve on issues of the agenda, included in respective call notices.

Article 11 - The General Meeting shall be convened and presided over by shareholder chosen by those attending the meeting, who may appoint up to 2 secretaries.

Article 12 - It is incumbent on the General Meeting, in addition to attributions provided for by law:

I. To elect and remove from office the Board of Directors' members;



II. To define global fees of the Board of Directors and Board of Executive Officers' members, as well as the remuneration of Audit Committee's members to be installed;

III. To confer stock dividends and decide over possible share splitting;

IV. To approve programs for the granting of call option or shares subscription to its administrators and employees, as well as to administrators and employees of other companies directly or indirectly controlled by the Company;

V. To resolve, according to the proposal submitted by the administration, over the allocation of income for the year and the distribution of dividends;

VI. To elect the liquidator, as well as the Audit Committee, which shall operate during the liquidation period;

VII. To resolve on the exit from the BOVESPA – São Paulo Stock Exchange ("BOVESPA") New Market ("New Market") –; and

VIII. To choose a specialized institution or company liable for the preparation of an appraisal report of the Company's shares, in the event the registration as a publicly-held corporation is cancelled or in the event of exit from the New Market, as provided for by Chapter V hereof, amongst institution or companies appointed by the Board of Directors.

Sole Paragraph - The chairman of the General Meeting shall observe and comply with the provisions of shareholders agreements at the Company's headquarters, not allowing to counting votes issued contrary to the content of these agreements.

SECTION II

ADMINISTRATION DEPARTMENTS

Sub-Section I

General Provisions

Article 13 - The Company shall be administered by the Board of Directors and by the Board of Executive Officers.

Paragraph 1 - The installation of positions shall occur through terms drawn up in the company's records, signed by the administrator taking office, released from any management guarantee.

Paragraph 2 – The investiture of the members of Board of Directors and of the Board of Executive Officers is contingent to preliminary subscription of the Instrument of Agreement of the Directors, in order to the anticipated in the New Market Listing Regulations;

Paragraph 3 - The administrators shall remain in their positions until the installation of their deputies.



Article 14 - The meeting shall determine a global annual allowance for the distribution amongst administrators and it shall be incumbent upon the Board of Directors to carry out the distribution of allowance on an individual basis, in compliance with these By-Laws.

Article 15 – Any management body meets validly with the presence of the majority of its members and decides with the vote of the majority of the members present.

Paragraph 1 – In case the result of a vote on a matter discussed in a Board of Director’s meeting is a draw, the co-Chairman of the Board who is chairing the meeting will have a casting vote to decide on the matter.

Paragraph 2 – The previous call of the meeting as a condition for its validity is only waived if all members attend the meeting and, for this purpose, votes in writing are acceptable.

Sub-Section II Board of Directors

Article 16 - The Board of Directors shall be composed of, at least, five (5) and, at most, seven (7) members, all shareholders, elected by the General Meeting, for a two-years term, re-election being permitted

Paragraph 1 – At less twenty per cent (20%) of the members of the Board of Directors should be independent councilmember, according to definition at the New Market Listing Regulations.

Paragraph 2 - In the Annual General Meeting, shareholders shall resolve upon the number of Board of Directors’ members.

Paragraph 3 - Board of Directors’ members shall be invested in their positions by signing declaration drawn up in the company’s records. The Board of Directors’ members shall remain in their positions and in the performance of their duties until their deputies are elected, unless resolved otherwise by the Shareholders’ General Meeting.

Paragraph 4 - The Board of Directors’ member shall have a solid reputation, and may not be elected, except for release from the General Meeting, who (i) occupies positions in companies which may be deemed as company’s competitors; or (ii) who has or represents conflicting interests with the company; voting shares may not be exercised by the Board of Directors’ member if same impediment factors are characterized thereafter.

Paragraph 5 - It is void, under the form of Article 115, paragraph 1 of Law No. 6.404/76, the exercise of voting shares, in the election of Board of Directors’ members, under circumstances characterizing conflict of interests with Company.

Paragraph 6 - The Board of Directors’ member may not have access to information or participate in the Board of Directors meetings, related to matters which have or represent conflicting interests with the Company.



Paragraph 7 - The Board of Directors, for a better understanding of its attributes, may create committees or work groups with defined purposes being composed of persons designated by it among members of administration and/or persons directly or indirectly related to the Company.

Article 17 - At the election of the Board of Directors' members, the General Meeting shall firstly determine by majority vote the number of Board members to be elected. If multiple vote process is not requested as required by law, the Meeting shall vote through a list of candidates previously registered on the board of elections, which shall ensure to shareholders holding, individually or in block, fifteen per cent (15%) or more of Company's common shares the right to appoint one member, in compliance with the limit of main section of Article 16. The board of elections may not accept the registration of any list breaching the provision of this Article.

Article 18 - The Board of Directors shall have two (2) Co-Chairmen, who shall be elected by majority vote of its members, at the first Board of Directors meeting taking place immediately after the investiture of these members, or whenever resignation or vacancy occurs in these positions.

Paragraph 1 - It shall be incumbent upon the Board of Directors' members, at their first meeting to appoint among their Co-Chairmen who shall chair the Board of Directors' meetings during all management term of office of its members.

Paragraph 2 - In the Board of Directors' resolutions, the casting vote shall not be attributed to any of the Co-chairmen, in the event of tie vote.

Paragraph 3 - In the event of impediment or vacancy in the position of member of the Board of Directors, the Board of Directors shall call a General Meeting to occupy respective position.

Article 19 - The Board of Directors shall meet on an ordinary basis, four times a year, and on an extraordinary basis, whenever called by the Co-Chairman appointed under the terms of Paragraph 1 of the Article 18 or by the majority of its members. The Board meetings may be exceptionally held via conference call, video conference, electronic mail or by any other media.

Paragraph 1 - Calls for meetings shall be made at least seventy-two (72) hours in advance.

Paragraph 2 - All the Board of Directors' resolutions shall be included in Minutes drawn up in the respective Board's book and signed by the Board members attending the meeting.

Paragraph 3 - At the Board of Directors meetings, the vote by means of delegation made in favor of another Board member, a written and anticipated vote and vote issued by fax, electronic mail or any other means of communication are accepted, counting as present those members voting.

Article 20 - It is incumbent upon the Board of Directors, in addition to other attributions required by law or the by-Laws:

I. To perform normative functions of the Company's activities, and may attribute to its examination and resolution any issue not comprised in the private incumbency of the General Meeting or the Board of Executive Officers;



- II. To define the Company's business general guidance;
- III. To elect and remove from office the Company's Officers;
- IV. To attribute to Officers respective duties, including designating the Investor Relations Director, in compliance with provisions hereof;
- V. To resolve on the call for a General Meeting, when deemed convenient, or in the case of Article 132 of Corporations Law (Law no. 6404/76);
- VI. To inspect Officers management, examining at any time, the Company's books and papers and requesting information about agreements entered into or about to be executed and any other acts;
- VII. To assess quarterly results of the Company's operations;
- VIII. To choose and remove independent auditors;
- IX. To call independent auditors to provide clarifications deemed necessary;
- X. To assess the Management Report and the Board of Executive Officers' accounts and resolve on its submission to the General Meeting;
- XI. To approve annual and multi-annual budgets, strategic plans, expansion projects and investment programs, as well as to follow-up their execution;
- XII. To approve the creation and suspension of subsidiary and the Company's interest in other companies' capital, on a domestic or international basis, as well install branches, agencies, warehouses, offices and any other establishments in the country or overseas;
- XIII. To determine the performance of inspections, audit or examination of accounts of the Company's subsidiaries, controlled or affiliated companies, as well as foundations sponsored thereby;
- XIV. To previously manifest on any matter to be submitted to the General Meeting;
- XV. To authorize the issue of the Company's shares under the limits authorized in Article 6 hereof, by determining issue conditions, including price and payment term for subscribed shares, and may also exclude or reduce the preemptive right in the issue of shares, subscription bonus and convertible debentures, placement of which is made through sale at stock exchange or by means of a public subscription or in a takeover bid, under the terms established by law;
- XVI. To resolve on the Company's acquisition of shares issued by itself for the maintenance in treasury and/or further cancellation or disposal;
- XVII. To resolve on the issue of subscription bonus, as provided by Paragraph 2 of the Article 6 of these By-Laws;



XVIII. To grant call option or share subscription, according to the Program for the Granting of Call Option or Subscription carried at General Meeting, to its administrators and employees, as well as to administrators and employees of other companies directly or indirectly controlled by the Company, without preemptive right for the shareholders, complying the balance of authorized, at the moment of granting or exercise of call option, capital limit at the date of granting of referred call option or subscriptions to shares.

XIX. To establish the amount of profit sharing related to Company's officers, managers and employees;

XX. To resolve on the issue of simple debentures, not convertible into shares and non-secured guarantee;

XXI. To authorize the Company to render guarantees to third parties' liabilities;

XXII. To establish area of the Board of Executive Officers' authority in the disposal or encumbrance of permanent assets and in cases defined by thereby, it may require a prior authorization from the Board of Directors as a condition of validity of action;

XXIII. To determine area of the Board of Executive Officers' authority in the acquisition of permanent assets and other financial commitments related to projects in which the Company intends to invest. In cases defined thereby, it may require a prior authorization from the Board of Directors as a condition of validity of action;

XXIV. To establish the level of the Board of Executive Officers' authority to contract any forms of funding and to issue any credit instruments for raising proceeds, be them bonds, notes, commercial papers, promissory notes and others commonly employed in the market; also to resolve on the terms for their issuance and redemption, and in cases defined thereby, require prior authorization from the Board of Directors as a condition for validating the act;

XXV. To define a three-name list of institution or companies specialized in companies' economic valuation in order to prepare an appraisal report of the Company's shares, in the event the registration of publicly-held corporation is cancelled or in the event of exit from the New Market;

XXVI. To approve the contracting of a depository institution, rendering book-entry shares services; and

XXVII. To provide, in compliance with rules of these By-Laws and legislation in force, the order of its works and adopt or enact ruling standards for its operation.

Sub-Section III Board of Executive Officers

Article 21 - The Board of Executive Officers, members of which shall be elected and removed from office at any time by the Board of Directors, shall be composed of one Chief Executive Officer, one Trade Officer, one Legal Officer, one Financial Officer with a 3-year term of office, re-election being permitted.

Paragraph 1 - The election of the Board of Executive Officers shall preferably occur on the same date the Annual General Meeting is held and the investiture of those elected may coincide with the expiration of their predecessors' term of office.



Paragraph 2 - In the event of impediment or temporary absence, the Chief Executive Officer shall be replaced by the Finance Officer, who in case of vacancy shall cumulatively assume the Presidency until the first meeting following the Board of Directors meeting, which shall designate a deputy for the rest of term of office.

Paragraph 3 - Other Officers shall be replaced in cases of absence or temporary impediment by another Officer chosen by the Board of Executive Officers. This in case of vacancy shall provide a provisional deputy until the Board of Directors elects its definitive deputy for the rest of term of office.

Article 22 - The Board of Executive Officers shall have all powers to practice acts necessary to execute the company's purpose, no matter how special they are, including to dispose and encumber permanent assets, waive rights, compromise and agree, in compliance with related legal or statutory provisions, as well as resolutions adopted by the General Meeting and by the Board of Directors. It is incumbent thereupon to manage the Company's business, especially:

- I. To comply with and make these By-Laws and resolutions of the Board of Directors and Shareholders' General Meeting observed;
- II. To prepare and submit to the Board of Directors, every year, the Company's strategic plan, the annual review and general budget to the Board of Directors, being responsible for the respective executions;
- III. To resolve the creation, transfer and discontinuance of branches, agencies, warehouses, offices and any other Company's establishments in the country;
- IV. To decide, until the limit of authority established by the Board of Directors, on the acquisition, disposal and/or encumbrance of permanent assets and financial commitments connected to projects in which the Company intends to invest;
- V. To submit on an annual basis to the appreciation of the Board of Directors, the Management Report and the Board of Executive Officers' accounts, accompanied by the independent auditors' report, as well as proposal for application of profits earned in the previous year; and
- VI. To submit on a quarterly basis to the Board of Directors, the economic-financial trial balance and a detailed trial balance sheet of the Company and its controlled companies.

Article 23 - It is incumbent upon the Chief Executive Officer in addition to coordinate the Officers' actions and direct the execution of activities related to the Company's general planning:

- I. To call and preside the Board of Executive Officers' meetings;
- II. To maintain the Board of Directors' members informed about the Company's activities as well as the progress of its operations;
- III. To propose to the Board of Directors, without initiative exclusivity, the duties attribution to the Officers; and



IV. To perform other attributions conferred to him by the Board of Directors.

Article 24 – In addition to performing the activities attributed to them by the Board of Directors, the Executive Officers shall:

Paragraph 1 – The Chief Financial Officer shall:

- (a) plan, implement and coordinate the Company's financial policy, in addition to organizing, preparing and controlling the Company's budget;
- (b) prepare the financial statements, manage the Company's accounting and treasury departments to comply with the legal determinations in effect;
- (c) guide the Company when making decisions that involve financial risks;
- (d) prepare financial reports and provide information referring to his/her area to the Companies' agencies; and
- (e) plan and execute management policies in his/her area.

Paragraph 2 – The Chief Commercial Officer shall:

- (a) plan, define and manage commercial strategies;
- (b) establish and manage sales structures and commercial relationship policies;
- (c) guide the Company when making decisions that involve commercial risks;
- (d) prepare commercial reports and provide information referring to his/her area to the Company's agencies; and
- (e) plan and execute management policies in his/her area.

Paragraph 3 – The Legal Officer shall:

- (a) organize, control, coordinate and supervise the Company's legal matters and activities, in their technical, operating and strategic aspects;**



(b) advise the Company when making decisions that involve legal risks and implementing these decisions to comply with legal determinations in effect;

(c) hire and supervise legal services provided by outsourced professionals;

(d) prepare legal reports and provide information on his/her area to the Company's agencies; and

(e) plan and execute management policies in his/her area.

Article 25 - As a rule and except for the cases purposes of subsequent paragraphs, the Company is bound whenever represented by two (2) Board of Executive Officers' members or by one (1) Board of Executive Officers' member and one (1) attorney-in-fact, or two (2) attorneys-in-fact, under the limit of the respective powers of attorney.

Paragraph 1 - The actions for which these present By-Laws require the Board of Directors' prior authorization may only be practiced once met said condition.

Paragraph 2 - The Company may be represented by only one (1) Officer or one (1) attorney-in-fact in the following events:

(a) when the act to be practiced imposes a single representation, the company shall be represented by any Officer or attorney-in-fact holding special powers; and

(b) when receiving and settling amounts due to the Company, issuing and negotiating, including to endorse and discount bills related to its sales, as well as in the event of correspondence which does not create obligations for the Company and the practice of acts of simple administrative routine, including those practiced with public agencies, mixed corporations, the Federal Revenue Service, State Treasuries, Local Treasuries, Boards of Trade, Labor Court, INSS (Brazilian Social Security Institute), FGTS (Government Severance Indemnity Fund for Employees) and collection banks and others of identical nature and the Brazilian Agency for Health Surveillance.

Paragraph 3 - The Board of Directors may authorize the practice of other acts binding the Company by only one of the Board of Executive Officers' members or one attorney-in-fact, or also by the adoption of incumbency limitation criteria, to restrict in certain cases, the Company's representation to only one Officer or one attorney-in-fact.

Paragraph 4 - In the constitution of the attorneys-in-fact, the following rules shall be observed:

(a) all powers of attorney shall be granted jointly by any two (2) Officers;

(b) when the purpose of the power of attorney is the practice of acts depending on the Board of Directors' prior authorization, its granting shall be expressly subjected to obtaining the referred authorization, which shall be mentioned in its wording.



Paragraph 5 - The acts practiced in non-compliance with the provisions of this Article shall neither be valid nor bind the Company.

SECTION III AUDIT COMMITTEE

Article 26 - The Company's Audit Committee having attributions set forth by law shall be composed of three (3) members and equal number of deputies.

Paragraph 1 - The Audit Committee shall not operate on a permanent basis and shall only be installed by means of shareholders' call, pursuant to legal provisions.

Paragraph 2 - The in-company regulation applicable to the Audit Committee shall be set forth by the Shareholders' General Meeting requesting its installation.

Paragraph 3 - The investiture of the members of the Board of Auditors is conditioned to the Preliminary subscription of the instrument of agreement of the members of Board of Auditors, as anticipated at New Market Listing Regulations.

CHAPTER IV PROFITS ALLOCATION

Article 27 - The fiscal year shall commence on January 1 and shall end on December 31 of each year.

Paragraph 1 - At the end of each fiscal year, the Board of Executive Officers shall prepare the following financial statements, in compliance with the relevant legal precepts:

- (a) balance sheet;
- (b) income statement for the year;
- (c) statement of changes in the net worth position;
- (d) statement of cash flows;
- (e) statement of value added; and
- (f) notes to the financial statements.

Paragraph 2 - Together with financial statements for the year, the Board of Directors shall submit to the Annual General Meeting a proposal about the destination to be given to the net income, in compliance with provisions of these By-Laws and Law.

Article 28 - The shareholders shall be entitled to receive in each year as a dividend a minimum mandatory percentage of thirty per cent (30%) over the net income, with the following adjustments:

I. the addition of amounts resulting from the reversal in the year of reserves for contingencies previously formed;

II. the decrease of amounts destined in the year for the constitution of legal reserve and reserves for contingencies.



III. whenever the amount of minimum mandatory dividend exceeds the portion realized of net income for the year, the administration may propose and the General Meeting may approve, to destine the remaining to the constitution of realizable profit reserve (Article 197 of Law No. 6.404/76, with wording given by the Law No. 10.303/01).

Paragraph 1 - The Meeting may attribute to the Administrators a sharing in the profits, in compliance with relevant legal limits. The attribution to shareholders of mandatory dividend to which this Article refers is a condition for the payment of this profit sharing. Whenever a half-year balance sheet is drawn up, and based thereon, interim dividends are paid in an amount, at least equal to thirty per cent (30%) over the net income for the year, calculated under the terms of this Article. By resolution of the Board of Directors, a share in the half-year period profit may be paid to the Administrators, subject to approval of the General Meeting.

Paragraph 2 - The Meeting may resolve at any moment to distribute dividends on account of pre-existing profit reserves or retained earnings of previous years then maintained by force of meeting decision, after attributing to the shareholders in each year the mandatory dividend to which this Article refers.

Paragraph 3 - The Company may draw up interim or semiannual balance sheets. The Board of Directors may resolve on the distribution of dividends at debit on the account of profits earned in those balance sheets. The Board of Directors may also declare interim dividends at debit on the retained earnings account or profit reserves existing in those balance sheets or in the last annual balance sheet.

Paragraph 4 - Dividends not claimed within three years become time-barred in favor of the Company.

Paragraph 5 - The Board of Directors may pay or credit interest on equity capital, subject to approval of the Annual General Meeting, examining financial statements related to the fiscal year in which this interest was paid or credited.

Article 29 - The General Meeting may resolve on the capitalization of reserves set forth in interim or semi-annual balance sheets.

CHAPTER V SALE OF SHARE CONTROL, CANCELLATION OF PUBLICLY-HELD CORPORATION'S REGISTRATION AND EXIT FROM THE NEW MARKET

Article 30 - The sale of Company's share control both by means of a single operation and by means of successive operations shall be contracted under a condition, whether precedent or dissolving, that the purchaser of control shall undertake, to carry out a tender offer of other shareholders, in compliance with the terms and conditions anticipated in the prevailing legislation and at the New Market Listing Regulations, in such manner to ensure them a treatment equal to the seller.

Article 31 - The public offering referred to in the previous Article shall also be carried out:



I. in cases in which there is an onerous granting of share subscription rights and other credit instruments or rights related to securities convertible into shares, which may result in the sale of Company's control; and

II. in the event of sale of control of the Company that have the control power of the Company, and, at this case the controlling shareholder seller shall be obliged to declare to BOVESPA (São Paulo Stock Exchange) the amount attributed to the Company in the referred sale and attach the documentation evidencing this value.

Article 32 - The shareholder already holding Company's shares and to purchase the share control power, in view of a private instrument for the purchase of shares entered into with the controlling shareholder, involving any quantity of shares shall undertake to:

I. carry out the public offering referred to in the Article 30 hereof; and

II. indemnify the shareholders from whom Company's shares were purchased at the stock exchange within six (6) months prior to the date of transfer of shares representing the Company's control, and shall pay them possible difference between the price paid to controlling shareholder seller for the shares representing control and amount paid at the stock exchange for the Company's shares in the same period, duly updated until the payment of shares by IPCA (Amplified Consumer Price Index), calculated by the Brazilian Institute of Geography and Statistic.

Article 33 - Any Purchasing Shareholder (as defined in the paragraph 10 below), purchasing or becoming holder of the Company's shares, in quantity equal or in excess of twenty-five per cent (25%) of total of shares issued by the Company, within no later than sixty (60) days as of the acquisition date or event which resulted in the ownership of shares in quantity equal or in excess of twenty-five per cent (25%) of total of shares issued by the Company, shall carry out or request the registration, and depending on the case, a tender offer for the total shares issued by the Company ("tender offer"), in compliance with the provisions of CVM's (Brazilian Securities Commission) regulation applicable, BOVESPA's (São Paulo Stock Exchange) regulations and the terms of this Article.

Paragraph 1 - The "tender offer" shall be (i) indistinctly addressed to all Company's shareholders; (ii) effective in auction to be carried out at the BOVESPA (São Paulo Stock Exchange), (iii) launched by the price determined according to the provisions in the paragraph 2 below, and (iv) paid in cash in local currency against the acquisition in the "tender offer" of shares issued by the Company.

Paragraph 2 - The acquisition price in the "tender offer" of each share issued by the Company may not be less than the result obtained with the application of the following formula:

"tender offer" price = Share Value



Where:

'tender offer price' corresponds to the acquisition price of each share issued by the Company in the "tender offer" provided for by this Article.

The 'Share Value' corresponds to the largest amount between: (i) the largest unit quotation reached by the shares issued by the Company during a twelve (12)-month period prior to the "tender offer" performance at any stock exchange where the Company's shares were traded, (ii) the highest unit price paid by the Purchasing Shareholder, at any time, for one share or lot of shares issued by the Company; and (iii) the amount equivalent to twelve (12) times the Company's Average Consolidated EBITDA (as defined in the Paragraph 10 below) deducted from the Company's net consolidated indebtedness, divided by the total number of shares issued by the Company.

Paragraph 3 - The "tender offer" performance mentioned in the main section of this Article shall not exclude the possibility of another Company's shareholder, or if this is the case, the own Company, to prepare a competing "tender offer", under the terms of regulation applicable.

Paragraph 4 - The performance of the "tender offer" mentioned in the main section of this article may be waived upon favorable vote of the shareholders representing the majority of the capital stock at the Company's Extraordinary General Meeting especially called to decide on the "tender offer".

Paragraph 5 - The Purchasing Shareholder shall be obliged to answer possible requests or requirements from the CVM (Brazilian Securities Commission) related to the "tender offer", within the maximum terms determined by the applicable regulation.

Paragraph 6 - In the event the Purchasing Shareholder does not comply with the obligations imposed by this Article, including referring to the compliance with the maximum terms (i) for the performance or application for the "tender offer" registration, or (ii) for the compliance with possible requests or requirements from the CVM, the Company's Board of Directors shall call an Extraordinary General Meeting, where the Purchasing Shareholder may not vote to resolve on the suspension of performance of rights of the Purchasing Shareholder who failed to comply with any obligation imposed by this Article, as provided by the Article 120 of Law No. 6.404, dated December 15, 1976.



Paragraph 7 - Any Purchasing Shareholder (as defined in the Paragraph 10 below), who acquires or becomes holder of other rights, including usufruct or trust over shares issued by the Company in quantity equal or in excess of twenty-five per cent (25%) of the total of shares issued by the Company shall be equally obliged to, within no later than sixty (60) days as of the date of said acquisition or event which resulted in the ownership of said rights over shares in quantity equal or in excess of twenty-five per cent (25%) of total of shares issued by the Company, carry out or request the registration, depending on the case of a “tender offer”, under the terms outlined in this Article 33.

Paragraph 8 - The obligations included in the Article 254-A of Law No. 6.404/76 and Articles 30, 31 and 32 of these By-Laws do not exclude the Purchasing Shareholder’s compliance with the obligations included in this Article.

Paragraph 9 - The provision of this Article 33 shall not apply in the event of a person becoming holder of shares issued by the Company in quantity in excess of twenty-five per cent (25%) of the total of shares issued thereby as a result of (i) the incorporation of another corporation by the Company, (ii) the incorporation of another corporation’s shares by the Company, or (iii) the subscription of the Company’s shares made in a single maiden issue, approved by the Shareholders’ General Meeting of the Company, called by its Board of Directors. A capital increase proposal shall determine the fixation of share issue prices based on the economic value obtained from a Company’s economic-financial appraisal report prepared by a specialized institution or company with proven experience in the valuation of publicly-held corporations.

Paragraph 10 - For the purposes of calculating the twenty-five per cent (25%) percentage of the total of shares issued by the Company outlined in the main section of this Article, the involuntary additions of equity interest resulting from the cancellation of treasury stocks or from the reduction in the Company’s capital stock due to the cancellation of shares shall not be calculated.

Paragraph 11 - For the purposes of these By-Laws, the terms below with initials in capital letters shall have the following meaning:

‘Purchasing Shareholder’ means any person (including but not limited to any individual or legal entity, investment fund, condominium, securities portfolio, worldwide rights or any other form of organization, resident, domiciled or headquartered in Brazil or overseas), or group of persons bound by a voting agreement with the Purchasing Shareholder and/or representing the same interest of the Purchasing Shareholding to subscribe and/or purchase the Company’s shares. Amongst examples of a person representing the same interest of the Purchasing Shareholder we include any person (i) directly or indirectly controlled or administered by said Purchasing Shareholder, (ii) controlling or administering, under any form, the Purchasing Shareholder, (iii) directly or indirectly controlled or administered by any person who controls or administers, whether directly or indirectly



said Purchasing Shareholder, (iv) in which the controller of said Purchasing Shareholder has directly or indirectly purchased an equity interest equal or in excess of 30% of the capital stock, (v) in which said Purchasing Shareholder has directly or indirectly purchased an equity interest equal or in excess of 30% of the capital stock, or (vi) who directly or indirectly holds an equity interest equal or in excess of 30% of the Purchasing Shareholder's capital stock.

The 'Company's Average Consolidated EBITDA' is the arithmetic average of the Company's Consolidated EBITDAs related to the two (2) fiscal years ended recently.

The 'Company's Consolidated EBITDA' is the Company's consolidated operating income before the net financial expenses, income tax and social contribution, depreciation, depletion and amortization, as obtained based on the consolidated and audited financial statements related to the end of more recent fiscal year and made available to the market by the Company.

Paragraph 12 - In the event the CVM's regulation applicable to the "tender offer" provided for in this Article determines the adoption of a criterion to calculate the fixation of acquisition price of each Company's share in "tender offer" resulting in an acquisition price higher than that determined under the terms of the paragraph 2 above, that acquisition price calculated under the terms of CVM's regulation shall prevail in the effectiveness of the "tender offer" provided for in this Article.

Article 34 - Any Purchasing Shareholder having subscribed and/or purchased shares issued by the Company, in quantity equal or in excess of thirty per cent (30%) of the total number of shares outstanding (as defined in the paragraph 2 below) of the Company and intending to carry out a new acquisition of shares issued by the Company at the Stock Exchange shall be obliged, previously to each new acquisition, communicate in written to the Company and to the officer of the trading session of the BOVESPA (São Paulo Stock Exchange), through brokerage company through which intends to purchase the shares, its intention of acquiring other shares issued by the Company, at least, three (3) business days in advance to the date foreseen for the performance of new share acquisition, in such manner that the Officer may previously call an auction to purchase to be carried out in BOVESPA trading session and where intervening third parties and/or possibly the own company may participate, always in compliance with the terms of legislation in force, the applicable CVM's regulation and BOVESPA's regulations.

Paragraph 1 - In the event the Purchasing Shareholder does not comply with the obligations imposed by this Article, the Company's Board of Directors shall call an Extraordinary General Meeting, in which the Purchasing Shareholder may not vote to resolve on the suspension of exercise of the rights of Purchasing Shareholder who did not comply with the obligation imposed by this Article, as provided for in the Article 120 of Law No. 6.404, dated December 15, 1976.

Paragraph 2 - For the purposes of this Article, the following terms with initials in capital letters shall have the following meaning: "Shares Outstanding" means all shares issued by the Company except for those (i) directly or indirectly owned by the Controlling Shareholder and/or persons bound thereto; (ii) in the Company's treasury; (iii) held by a corporation controlled by the Company; and (iv) directly or indirectly held by the Company's administrators. "Controlling Shareholder" has the meaning attributed thereto in the Article 116 of Law No. 6.404, dated December 15, 1976.



Article 35 - In the tender offer to be carried out by the controlling shareholder or by the Company for the cancellation of registration of the Company's publicly-held corporation, the minimum price to be offered shall correspond to the economic value verified in an appraisal report.

Article 36 - In the event the shareholders in an Extraordinary General Meeting resolve on the Company's exit from the New Market, for the Company's shares being registered for negotiation out of the New Market or because the Corporate Reorganization operation, where the Company's shares resulting of the reorganization don't be accepted for trading at New Market, the shareholders or group of shareholders, that have the controlling power of the Company will have to carry out takeover bid, that the low price to be offered should correspond to the economic value found in valuation report.

Article 37 – The appraisal report mentioned in the Articles 35 and 36 of these By-Laws shall be prepared by a specialized institution or company, having proven experience and independent about the power of decisions from the Company, its administrators and controllers. This report shall also observe requirements of the Paragraph 1 of Article 8 of Law No. 6.404/76 and contain the responsibility provided for in the Paragraph 6 of same Article of Law No 6.404/76.

Paragraph 1 - The choice of a specialized institution or company responsible for the determination of the Company's economic value is privative incumbent upon the General Meeting, from the moment the Board of Directors submits a three-name list, and the respective resolution, without effect the blank votes, shall be taken by majority vote of shares outstanding, presents at that meeting, that if installed at first call should have the presence of at less shareholders representing twenty per cent (20%) of total shares outstanding, or that, if installed at second call, may have the presence of any number of shareholders representing the shares outstanding.

Paragraph 2 – The costs to prepare the appraisal report shall be fully borne by the offering.

Article 38 – The Company will not register any transfer of shares for the buyer of controlling power, or for that who came to have the controlling power, while this one don't subscribe the Instrument of Agreement of the Controllers, like anticipated at the New Market Listing Regulations. The Company will not register to the shareholders' agreement that say about the exercise of Controlling Power while the signatories don't subscribe the instrument of agreement of the controllers.

Article 39 - Contingency not covered by law herein shall be resolved by the General Meeting and governed according to the precepts of Law No. 6.404, dated December 15, 1976.

CHAPTER VI ARBITRATION COURT

Article 40 - The Company, its shareholders, directors, and the members of the Board of Auditors are compelled to solve, by arbitration, all and any dispute or disagreement that may appear among them, related or deriving, in special, of application, validity, effectiveness, interpretation, violation, and its effects, of the dispositions at the Law No. 6.404/76, at the Company's By-law, at the rules edited by the National Monetary Advice, by the Brazilian Central Bank and by the Securities Commission, as well at other rules applicable to the working of the capital market in general, beyond of those constant of the New Market Listing



Regulations, of the New Market Participation Agreement and the rules of arbitration of the Market Chamber of Arbitration.

CHAPTER VII COMPANY'S LIQUIDATION

Article 41 - The Company shall go into liquidation in cases determined by Law, and it is incumbent upon the General Meeting to elect the liquidator or liquidators, as well as the Audit Committee, which shall operate during this period, in compliance with legal formalities.

CHAPTER VIII FINAL AND TEMPORARY PROVISIONS

Article 42 - The Company shall comply with the shareholders' agreements filed at its headquarters, being expressly void to the members of the presiding board of the General Meeting or Board of Directors to accept declaration of vote from any shareholder, undersigned of the shareholders' agreement duly filed at the headquarters, rendered in disagreement with what was covenanted in said agreement and it shall also be expressly void to the Company to accept and carry out the transfer of shares and/or encumbrance and/or assignment of preemptive right to the shares subscription and/or other securities not complying with provision and regulations of the shareholders' agreement.

Article 43 - It is void to the Company to grant financing or guarantees of any kind to third parties, under any mode for business unfamiliar to the corporate interests.

Sole Paragraph – It's prohibited to the Company to award funding or guarantee of any case, under any modality, for the controller shareholders.

Article 44 - The provisions of Article 33 of these By-Laws shall not apply to the current shareholders already holding fifteen per cent (15%) or more of the total of shares issued by the Company and its successors, including and especially to the Company's controlling shareholders, undersigned of the Shareholders' Agreement dated April 26, 2004 and filed at the Company's headquarters, under the terms of the Article 118 of Law No. 6.404, dated December 15, 1976, exclusively applying to those investors purchasing shares and becoming Company's shareholders after obtaining publicly-held corporation registration with the CVM and the start of Company's shares trading at the BOVESPA. We certify that these By-Laws were consolidated in the Minutes of the Extraordinary General Meeting as of 04.26.2004.



ANNEX III – OFFICER’S COMMENTS

NATURA 2009 MANAGEMENT REPORT

Message from the Chairmen of the Board

40 YEARS SOWING OPPORTUNITIES

Joys and hopes amidst the precarious balance of the world. That is how we lived 2009. We obtained expressive results at Natura, which renew our energies and encourage us to face the known, but complex, challenges posed before global society.

In the year characterized by the global economic crisis and the frustrating impasse in negotiations for an agreement to tackle climate change, we celebrated our 40 years of existence with some important achievements: the enthusiasm of more than one million consultants helped drive our market share and increased the number of customers served. We fulfilled the commitments assumed two years ago by remodeling Natura’s management and starting a new growth cycle. As a result, we created more value for shareholders and for the wider chain of people and institutions connected to our business model. We made relevant social impacts and, among other environmental advances, we continued to reduce our relative carbon emissions.

Our strategy enjoyed the trust of shareholders and investors, which was demonstrated in the secondary offering of shares, which increased Natura’s liquidity and its value.

We look at the future of our business over the next 10 years with confidence: as the third largest cosmetic market in the world, Brazil signals it is entering a virtuous cycle of prosperity. Our strong identification with its soul and development cheers us: we will continue with our proposal to build a beautiful business and a fairer society that is more ethically committed to the next generations.

We also believe that, if we increase our ability for dialogue with the cultural diversity that makes up Latin America, which is so receptive to our products, values and business opportunities, we will be able to maintain high growth rates, in addition to contributing to the creation of socio-environmental value. In more geographically and culturally distant regions, we will continue to carefully evaluate new opportunities.



Our civilization is experiencing a crisis that imposes deep transformations. The challenges related to climate, energy, water, food, health, security, conservation of biodiversity and cultural diversity cannot be avoided. We want Brazil to be one of the leading countries in the development of this agenda of macro-changes, fully committed to the urgency and the much needed progress in negotiations, anticipating the next conference on climate change, in Mexico.

We are convinced that we have an important role to play: the Natura brand, more so than our business, serves the construction of this new era, offering us the opportunity to innovate, to permanently reinvent our work. Thus, we will fulfill our vocation to venture to create economic, social and environmental value.

The respect and value of our brand are based on the quality of the relationships we have with each and every one of our stakeholders. We recognize the need and we reaffirm here our commitment to invest in the excellence of our services, in particular for our consultants. Our Reason for Being, to promote *well-being well*, whose essence is the aspect of serving with excellence, listening to yourself, others, the world, is and will always be our great inspiration in the persistent search for better and stronger relationships with our many stakeholders, the most legitimate means to increasing the recognition of our brand.

This is how it has been since 1969, when a white rose delivered to each of our first customers symbolized our satisfaction to serve and our desire to contribute to the search for peace.

Antonio Luiz da Cunha Seabra
Guilherme Peirão Leal
Pedro Luiz Barreiros Passos

Co-chairmen of the Board



Message from the Executive Committee

Result from maturity

We have many reasons to celebrate 2009. The initiatives adopted over the past two years continue to bring the expected results in the short term, as they build the basis for the development of our company in the future.

We reached the historical milestone of 1 million consultants. The strength of our operations provided us with an expressive evolution in all economic, social and environmental indicators. Net revenues totaled R\$ 4.2 billion, 18.6% higher than in 2008; EBITDA totaled R\$ 1.0 billion and our EBITDA margin was 23.8%. Net income totaled R\$ 684 million, 32.1% higher than in the previous year. We also increased the distribution of wealth to our stakeholders and were more efficient in our environmental management, reducing by 5.2% relative greenhouse gas emissions and offsetting the emission of our chain by supporting social and environmental projects.

This performance is the result of an intense maturing process, which reflected a new company management model based on three fundamental pillars: management by processes, training of leaders and strengthening of our organizational culture, indispensable requirements for us to perpetrate our corporate behavior amidst a business environment in constant change. In Brazil, we established an executive group and introduced the Business Units and the Regional Units. With this, we want to bring Natura closer to the local needs of consultants and end users by localizing marketing and driving performance. As a result, in 2009, our net revenues grew 18.6% and we gained market share in the domestic market.

We will take this management model to all areas of the company. Our international operations continue to grow and are establishing themselves as markets with great potential. In 2009, net revenues in local currency increased by 42.1%, we had around 160,000 consultants and more than 1,000 employees in our operations in Argentina, Chile, Peru, Colombia, Mexico and France. A scale that allows us to seek leading positions and accelerate our expansion strategy.

In Latin America, we want to be a relevant player who is committed to regional sustainable development. To this end, we will adapt marketing, portfolio, channel and logistics to ensure proximity and meet the needs of each country.

We continued to invest in the improvement of the quality of relationships with many of our stakeholders in 2009, making progress on the sensitive issues of these relationships. As a result, we improved the organizational climate in our operations with an increase from 72% to 74% in favorable responses. In the case of suppliers, the increase was even higher: from 74% to 82%. Finally, we maintained the climate among our consultants at the same high rate of 90% of favorable responses.



We have to recognize, however, that the provision of services to our consultants is not yet consistent with the quality we seek in all our relations. This is a priority issue for Natura, as the excellence in services is an intrinsic part of our value proposal. We have already adopted short, medium and long-term measures to give our company the competitive edge in service provision. These measures did not result in significant improvements in 2009, but we are confident that, this year, improvements will be perceptible.

In the sphere of relationships with our customers, we increased our presence even further, reaching 3.5 million new homes, which were added to the more than 20 million homes where the Natura brand is present. In this aspect, we would like to thank the trust of our customers and renew our commitment to offer high quality products that are innovative and fairly priced.

Despite the better results for these indicators, the improvement in the quality of relationships should always be on our agenda. This requires a collective effort to approach and engage in permanent dialogue with all stakeholders.

We are aware of and enthusiastic about the fact that there is still a lot to improve in Natura's management model, which should provide for the development of people, the strengthening of our culture and the permanent search for innovation. We believe that Natura is the result of the union of many people who play different roles, but who have a common objective. This year, we highlight the contribution of the Natura Consultant Advisers, who took over a new and important role in the relationship between Natura consultants and our sales team, and we want, in particular, to thank our employees for their support and hard work participating in the company's management transformation project. It will be this engagement that will allow us to respond to future challenges and to our own desire to actively participate in this scenario of changes. Always driven by the Beliefs that brought us here and that will guide us towards the future.

Alessandro Carlucci
CEO

João Paulo Ferreira
Senior Vice President of Operations and Logistics

José Vicente Marino
Senior Vice President of Business

Marcelo Cardoso
Senior Vice President of Organizational Development and Sustainability



Mauricio Bellora
Senior Vice President of International Operations

Roberto Pedote
Senior Vice President of Financial and Legal Affairs, and Information Technology

Telma Sinicio
Senior Vice President of Innovation



MANAGEMENT REPORT

Market context

The year 2009 confirmed our expectations: less exposure of our economy to the international crisis; resilience of the personal hygiene, perfumery and cosmetics industry; strength of the Natura brand; and the competitive edge of the business model based on direct sales.

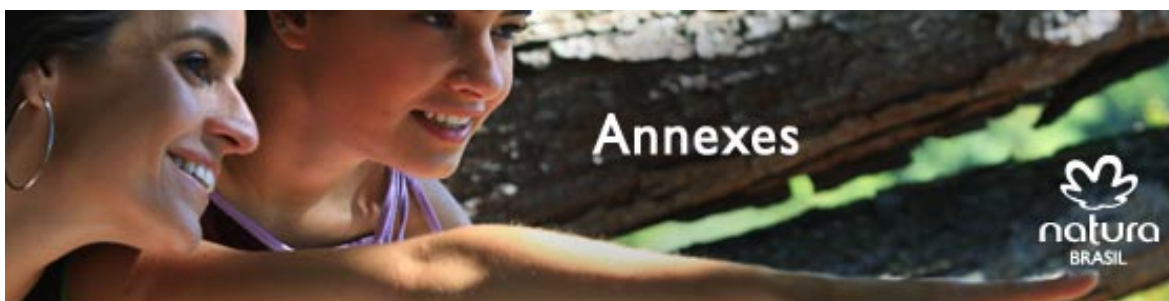
The target market in Brazil grew, in nominal values, by 16.1%, according to partial figures of the Brazilian Personal Hygiene Industry Association (Sipatesp/Abihpec) until October 2009. The direct sales segment also kept its growth pace in Brazil and handled, in 2009, R\$ 18.9 billion, an 18.4% growth in relation to the previous year. The Brazilian Association of Direct Selling Companies (Abved) accounts for 2.1 million active resellers, which represents a growth of 12.5% in the sales channel. According to the Euromonitor agency, Brazil became the largest direct sales market in the world for cosmetic, fragrance and personal hygiene products, ahead of countries such as the United States and Japan.

In the dispute for share in this market in permanent expansion, Natura's market share in Brazil resumed growth in 2009, moving from 21.4% in 2008 to 22.1% in 2009. In the other Latin American countries, although we do not yet have consolidated data, we can affirm, based on our growth, that we also gained market share.

Performance in 2009

Economic

Natura's positive performance, together with the evolution of the cosmetic markets, resulted in very positive economic-financial indicators. Consolidated net revenues totaled R\$ 4.2 billion, an increase of 18.6% in relation to 2008, with an EBITDA of R\$ 1.0 billion and EBITDA margin of 23.8% in 2009, exceeding our minimum target of 23%, which is maintained for 2010 as well.



EVOLUTION (R\$ millions)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---------------------------|-------------|-------------|-------------|
| Consolidated net revenues | 3,072.7 | 3,576.2 | 4,242.1 |
| Consolidated EBITDA | 702.0 | 860.1 | 1,008.5 |
| Consolidated net income | 465.4 | 517.9 | 683.9 |

Social

In 2009, we continued to increase the creation and distribution of value to our main stakeholders, as shown in the table below:

DISTRIBUTION OF WEALTH (R\$ millions)¹

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--------------|-------------|-------------|-------------|
| Shareholders | 415.1 | 188.0 | 242.9 |
| Consultants | 1,722.1 | 2,023.8 | 2,302.5 |
| Employees | 390.3 | 556.4 | 643.0 |
| Suppliers | 2,329.7 | 2,357.2 | 2,687.6 |
| Government | 948.3 | 1,276.7 | 1,547.3 |

1. Due to changes to several accounting practices by the proper bodies, we recalculated the amounts for Government for 2007 and for all stakeholders, except consultants, for 2008.

In the sphere of our social investment, we have extended the *Crer para Ver* (Believing is Seeing) program to Latin America. In Brazil, we raised funds totaling R\$ 3.768 million in 2009, exceeding the target established for the year. In our other Latin American operations, we raised R\$ 430,000. In the field of education, we launched the *Trilhas* (Trails) Project, which fights against functional illiteracy by stimulating the development of reading and writing abilities and skills. In its first year, the *Trilhas* Project reached over 200,000 Brazilian students.

In 2009, the Incentive to Reading Project for the Education of Youngsters and Adults (EJA), carried out since 2006 in partnership with the NGOs Ação Educativa, Alfabetização Solidária and Center for Studies and Research in Education, Culture and Community Action, was recognized and classified by the Ministry of Education and Culture (MEC) as an educational technology, which will encourage its large-scale adoption Brazil.

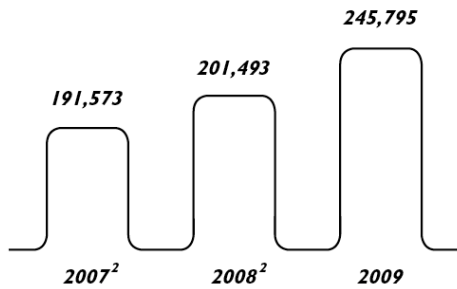


Environmental

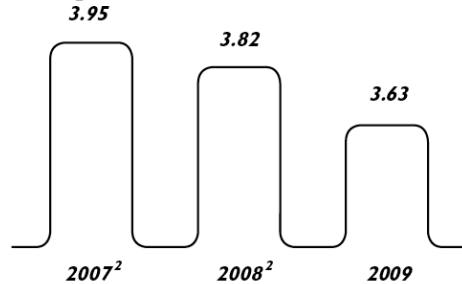
Since 2007, when we created the Carbon Neutral Project, we started to neutralize greenhouse gas emissions in the whole production chain, from the extraction of raw materials and packaging materials to the final disposal of products and packaging. Our target is to reduce by 33% relative Greenhouse Gases (GHG) by 2011, starting in 2006.

We surpassed the 3% reduction target for 2009 and accounted for a 5.2% cut in our relative GHG emissions, that is, kilos of CO₂e (carbon dioxide equivalent) per kilo of product billed. Our emissions totaled 245,795 metric tons of CO₂e, a volume 22% higher than in 2008 when our emissions of CO₂e totaled 201,493 metric tons. The whole annual emission of our chain is offset by means of support to social and environmental projects, selected from invitations to bid.

TOTAL CO₂e EMISSIONS (in metric tons)¹



RELATIVE EMISSIONS (Kg of CO₂e / Kg of Product)



1. CO₂e (or CO₂ equivalent): measure used for describing greenhouse gas emissions based on the global warming potential of each one.

2. The inventory calculation model was improved in 2009. The 2008 data was recalculated and the 2007 figure is an estimate that is under revision.



The increase of 21% in the consumption of water in 2009 is slightly below the increase in the production volume of about 23%. If we analyze our activities at the company's two main sites, Cajamar and Itapecerica da Serra, the absolute amount increased 9.5%. The increase in the consumption of water is also related to the increase in the number of Natura Houses, as we inaugurated in 2009 five new units in Brazil, all in the region of Greater São Paulo. The Natura Houses replaced the public areas where we held meetings with our consultants.

TOTAL WATER CONSUMPTION (m³)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|
| Cajamar and Itapecerica da Serra Sites ¹ | 114,694 | 112,342 | 123,012 |
| Other Natura sites | | | |

TOTAL ENERGY CONSUMPTION (Joules)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|---------------------------|---------------------------|---------------------------|
| Cajamar and Itapecerica da Serra Sites ¹ | 135.9 x 10 ¹² | 126.38 x 10 ¹² | 124.43 x 10 ¹² |
| Other Natura sites in Brazil ² | 8.2 x 10 ¹² | 13.4 x 10 ¹² | 14.5 x 10 ¹² |
| Total energy mix | 144.10 x 10 ¹² | 139.78 x 10 ¹² | 138.93 x 10 ¹² |

1 - Energy consumption in Cajamar and Itapecerica da Serra is measured by means of transducers monitored by software.

2 - Water consumption in other Natura sites in Brazil refers to the Alphaville and Benevides units, Natura Houses and Advanced Posts. In 2009, 5 Natura Houses were built.

With respect to electric energy, our actions in pursuit of greater efficiency again had the desired effect and we maintained total consumption at the same levels as last year, despite the 23% increase in production volume.

Quality of relationships

In 2009, we continued to invest heavily in the improvement of the quality of relationships with our stakeholders. We defined plans and actions to improve the relationship and obtained significant results. We also intensified our stakeholder engagement initiatives by holding in-person and virtual meetings in our social network on the Internet. The contributions gathered in these interactions provided more valuable insight for our strategic planning.



Consultants and Natura Consultant Advisers (NCAs)

We continued to attract new consultants, exceeding the milestone of 1 million, of which 880,000 are in Brazil and 160,000 in our international operations. The increase in the number of consultants available in Brazil was 20.5% in relation to the previous year; 32.9% in Latin America, and 83% in France. This growth reflects the strength of the Natura brand in attracting and retaining new consultants, supported by an increase in training programs, which involved 527,000 consultants.

In Brazil, the positive results also arise from the completion of the implementation stage for the Natura Consultant Advisers (NCAs), a group that helped us strengthen the ties with our consultants, totaling around 9,000 in all regions where we operate. Each NCA serves up to 150 consultants and has an important role in attracting, guiding and developing this group. It is, therefore, essential that we strengthen our relationship with these new stakeholders, assuring the quality of this relationship to ensure the growth and efficiency of our sales channel.

The indices of the quality of the relationship with our consultants remained at high levels, showing the consistency of our performance over time. Still, we have to work with discipline and perseverance to continuously improve this relationship.

SATISFACTION OF CONSULTANTS

| | <i>Jan/08</i> | <i>Jan/09</i> | <i>Jan/10</i> |
|---|---------------|---------------|---------------|
| Satisfaction – favorableness ¹ | 90% | 88% | 88% |
| Quality of the relationship ² | 90% | 90% | 90% |

SATISFACTION OF NCAs

| | <i>Jan/08</i> | <i>Jan/09</i> | <i>Jan/10</i> |
|--|---------------|---------------|---------------|
| Satisfaction favorableness ¹ | 87% | 93% | 95% |
| Quality of the relationship ² | 93% | 96% | 96% |

1. Percentage of "satisfied" and "fully satisfied" Consultants and NCAs (top 2 box).

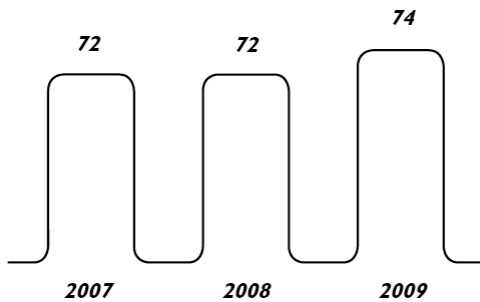
2. Average of attributes of Climate Dimensions that evaluates issues related to training and development, work conditions, compensation, quality of life, motivation among others.



Employees

The evolution of the management model had an impact on the level of satisfaction of our employees. The Natura climate survey, which includes all our operations, showed 74% of favorable responses, two percentage points more than in 2008. In the Brazilian Operation, this result was 72% in 2009, an increase of three percentage points in relations to the previous year. In the international operations, the highest percentage of favorable responses was in Colombia, 88%, followed by Mexico, 84%.

NATURA CLIMATE SURVEY (% Favorableness)



It is worth noting the progress in the quality of the relationship with employees of the operational areas in Brazil who are the target stakeholders in a specific management program, *RenovAção*. The scope of this project includes a career and team plan for each work front, in addition to the identification and training of leaders within the manufacturing units. The increase of eight percentage points in favorable responses among these stakeholders was the highest recorded by Natura in 2009.

To support the expansion plans on the continent, 2009 was a period of structuring and strengthening of the Latin American staff, which will have an office in Buenos Aires as from January 2010. Out of the company's 6,260 employees, 4,821 are in Brazil, 1,394 are in other Latin American countries and 45 are in France, thus increasing the cultural diversity of our staff.

We ranked 11th among the 25 best companies in the world in leadership training, according to the "Top Companies for Leaders" study conducted by the human resources consulting firm Hewitt Associates last year.

We are the only Latin American company to appear in this list.

Consumers

As part of the engagement process with our stakeholders, we held an in-person meeting specifically aimed at our customers. At the event, we gathered impressions about our work and many suggestions on how to improve our products and services.



In August, we changed the operation policy of the Natura Customer Service Center (SNAC), one of our main channels of communication with these stakeholders. In the second half of 2009, our indicator that measures complaints per parts per million (PPM) fell 69% in relation to the first quarter, closing the year 28% lower than in 2008. In October 2009, we also implemented the instantaneous customer satisfaction survey to evaluate the opinion of consumers after the complaint is serviced. The preliminary results reached 93%.

The Natura brand continues to keep high levels of reputation and acceptance: according to the Brand Essence/Ipsos image survey, the overall evaluation reached 81% and the preference of our customers reached 46%, 30 percentage points higher than the second place.

Suppliers and Supplier Communities

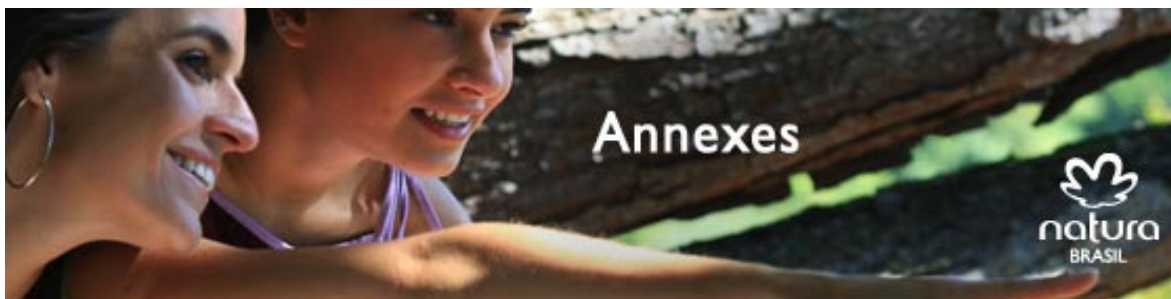
In 2009, we engaged with approximately 4,500 suppliers and managed to make progress in our relationship rituals with these stakeholders and in the standardization of procedures in order to meet our principles of transparency, equality and impartiality in the selection of our suppliers.

The result of this work was reflected in the annual satisfaction survey conducted with suppliers in Brazil, in which the rate of favorable responses of suppliers grew from 74% in 2008 to 82% in 2009.

The number of communities that supply raw materials from biodiversity increased from 23 in 2008 to 26 in 2009, also increasing the number of benefited families from 1,895 to 2,084. We started to apply the new policy for the sustainable use of biodiversity and cultural heritage, which transparently shows how Natura operates and what its positions are with respect to issues such as production chains, lines of research and the sharing of benefits.

The policy is the result of a maturing process achieved over the 10 years in which we have been working with raw materials from Brazilian biodiversity, since the launch of the Ekos line in 2000.

In 2009, we purchased R\$ 2.756 million in ingredients from supplier communities compared to R\$ 2.238 million the previous year. Additionally, we distributed another R\$ 2.194 million, R\$ 1.056 million of which by sharing of benefits from the access to the genetic heritage and associated traditional knowledge, and R\$ 1.138 million in funds and sponsorships, the majority being allocated to three new local development projects in the communities of Reça, Turvo and Iratapuru.



DISTRIBUTION OF WEALTH TO SUPPLIER COMMUNITIES (R\$)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|
| Supply | 863,647 | 2,238,182 | 2,756,073 |
| Image use (R\$ thousands) ¹ | 38,409 | 10,248 | 14,532 |
| Funds and Supports (R\$ thousands) ² | 755,126 | 671,868 | 1,137,694 |
| Sharing of benefits from the access to genetic heritage or related traditional knowledge ³ | 324,716 | 1,136,017 | 1,056,260 |

1. This consists of the amounts paid by Natura for the use of image of the members from the communities in Natura's institutional or marketing films.

2. This corresponds to sustainable development funds and agreements voluntarily established by Natura, and the disbursements for which have always been linked to the running of projects or to the sponsorship of the implementation of infrastructure improvements.

3. The 2008 amount was higher because it included the disbursement of funds retroactively from prior periods, allowing that, in 2009, the sharing of benefits referred to the year in effect only.

In 2009, we had 31 ingredients certified in organic or sustainable agriculture or forest management, five more than in 2008.

We also have all our new raw material research projects filed with the Genetic Heritage Management Council, pending approval. The regulatory framework for the access to ingredients from biodiversity, however, remains inconsistent, making the evolution of businesses committed to Brazil's sustainable development more difficult.

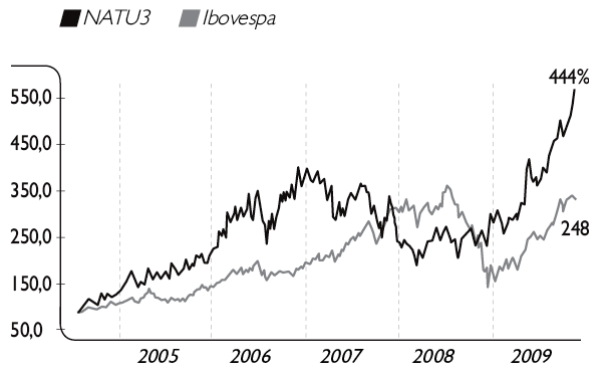
Corporate Governance and Capital Markets

In 2009, the successful secondary offering of shares increased Natura's free float – shares available for trading – from 26.2% to 39.5%, which positively affected the liquidity of the stock. The shares had appreciated 101.6% by the end of the year.



We made our poison pill clause, a mechanism to restrict the acquisition of large volumes of equity interest, more flexible. We matured our relationship with investors and the New Market and expanded our communication channels by holding more than 15 meetings and national and international events during the year. The evolution of our governance was recognized by the award granted to Natura in October by the Brazilian Institute of Corporate Governance (IBGC).

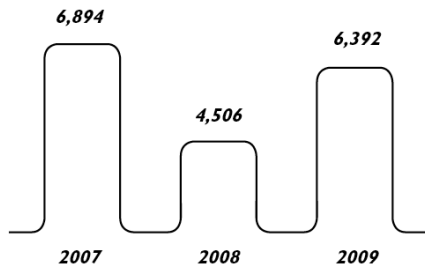
APPRECIATION NATU3 X IBOVESPA



We continued to be part of the leading Brazilian stock market indexes – Ibovespa, IBRX-50 (which list the most liquid companies in the stock exchange), Tag Along Stock Index (Itag), Corporate Governance Index (IGC), and the Corporate Sustainability Index (ISE), which uses sustainability criteria to select shares of the listed companies. We also remained in the Morgan Stanley Composite Index (MSCI), which is a reference for foreign investors.

Outlooks

TOTAL VOLUME TRADED (R\$ millions)



1. The 2007 and 2008 amounts were restated because an adjustment was made to the historical price of shares due to the distribution of dividends.

2. The information was restated in accordance with Economática's history.



The expressive results for 2009 and the recent progress in our management encourage us to look to the future with optimism. We posted a growth that is higher than the industry's average, which indicates acceptance of our value proposal in the markets where we operate, all of them with potential for expansion.

The economic growth expected for Brazil over the coming years, the impacts on income distribution and increasing women's participation in the job market point to the continuous evolution of the Brazilian market of cosmetic, fragrance and personal hygiene products. We also identified niches to be filled in some categories in which we already operate, fueled by the strength of our sales channel and brand.

In Latin America, our horizons are expanding. We reached a dimension that allows us to begin a new expansion phase, based on an approach that is more in line with the needs of each market, committed to sustainable development, turning the region into a relevant business platform for the company.

Another driver of our present and future evolution is the progress of our management model, supported by three pillars: management by processes, strengthening of the and development of leaders. This model will allow for a structure that is increasingly more agile and decentralized, close to our stakeholders, collaborative, innovative and a leading player in the transformation of society.

In order to improve the quality of our services, allow for future growth and continue to make progress in production gains, we are increasing our investments in industrial and logistics training, as well as in information technology, integrating the many sites and operations.

In this time of questioning the civilization model, several opportunities are open to a company like ours, also nurturing the dream that Natura will, one day, be a brand of international expression, as we understand that there is room for the acceptance of our value proposal in markets other than those in which we operate.

Adherence to the Market Arbitration Chamber

The Company, its shareholders and managers undertake to settle, by means of arbitration, any and every dispute or controversy that may arise between them, related to or arising from, in particular, the application, validity, effectiveness, interpretation, violation and its effects, of the provisions in Law No. 6,404/76, the company's Articles of Incorporation, rules issued by the National Monetary Council, Central Bank of Brazil and Brazilian Securities Commission, as well as in other rules applicable to the operation of capital markets in general and those contained in the Listing Regulation of the New Market, Agreement for the Participation in the New Market, and Arbitration Regulation of the Market Arbitration Chamber.



Relationship with Independent Auditors

In conformity with the Brazilian Securities Commission (CVM) Instruction No. 381/03, we make public that the Company and its subsidiaries, as a formal procedure, consult with the independent auditors Deloitte Touche Tohmatsu so as to assure that the provision of these other services does not affect its independence and objectivity necessary for the performance of independent auditing services, and to obtain the due approval of its Audit Committee.

Additionally, formal statements are required from the same auditors regarding their independence for the performance of non-auditing services. In 2009, we contracted services to review our internal controls. The total amount of fees for these services was R\$ 1,009,505, which corresponded to 70% of the annual fees for external audit services.

The company's policy for contracting the services of independent auditors assures that there is no conflict of interests, loss of independence or objectivity.

Guidelines for communicating sustainability

In order to accurately and transparently portray our performance at the economic, environmental and social levels, we have adopted the guidelines of the Global Reporting Initiative (GRI-G3), whose criteria will be extensively developed in our 2009 Annual Report. All social and environmental data are subject to external verification by independent auditors from Det Norske Veritas (DNV). In the case of GHG emissions, a specific verification (limited assurance) of the 2009 inventory data was carried out by PricewaterhouseCoopers.

On October 21, 2009, our Board of Directors authorized the Executive Board to develop studies for the preparation and structuring of a debt issuance in the local capital markets, through a public distribution of simple, non-convertible into shares and unsecured Debentures totaling up to R\$ 350,000,000.00 (three hundred and fifty million Brazilian real) ("Debenture Public Offering").

The proceeds from the Debenture Public Offering will be used for increasing the average term for the amortization of our debt.

We are currently at the preparation stage of the documents related to the Debenture Public Offering, whose filing request will be later submitted for analysis by the Brazilian Association of Entities of the Financial and Capital Markets - ANBIMA and to Brazil's Securities and Exchange Commission (CVM), under the terms of the applicable law and legislation.

We recommend a careful reading of the debenture public offering prospectus, which will be later made available to all parties interested in participating in the debenture public offering, especially of the prospectus section "Risk Factors", for the description of certain risk factors which must be taken into consideration before investing.



**ANNEX IV – ALLOCATION OF NET INCOME FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2009**

1. State the net profit for the fiscal year:

R\$ 683,923,598.58

2. State the aggregate total and the value per share of dividends, including prepaid dividends and interest on equity capital (“IEC”) previously declared:

R\$ 591,303,058.36 (Dividends + Net IEC re. 2009). Per Share: 1.37448000.

3. State the percentage of net profit earned over the fiscal year that was distributed:

87.8% (corresponds to the Dividends + Gross IEC / Dividends calculation basis).

4. State the aggregate total amount and value per share of dividends distributed based on prior year profits:

R\$ 491,060,407.31 (Dividends + Net IEC re. 2008) Per share: R\$1.14540000

R\$ 409,249,699.46 (Dividends + Net IEC re. 2007) Per share: R\$0.95450001

5. State, after deducting prepaid dividends and interest on equity capital previously declared:

a. Gross value of dividends and interest on equity capital shown individually, per share according to type and class:

Dividends: R\$339,385,818.92 = R\$0.78868711

Gross IEC: R\$18,225,660.59 = R\$0.04235399

Net IEC: R\$15,491,810.86 = R\$0.03600089

b. The manner and term in which dividend and interest on equity capital were paid:

Dividends are paid semi-annually. The deadline has been the month of August for the 1st semester and the month of April for the 2nd semester.

c. Eventual need to write-up and add interest on dividends and on interest on equity capital:

Not applicable.



d. Date of the declaration of payment of dividends and interest on equity capital, considered as a means of identifying shareholders with a right to receive them:

| <i>Income in currency generated by the allocation of the result relative to the fiscal year ended 12.31.2009</i> | | | | |
|--|---|--------------------|--|--------------|
| Source of Income | Event-Date | Amount (R\$) | Value in R\$/share | Payment Date |
| | | | Nominal Common | |
| Interest on Equity Capital ¹ | Board of Director Meeting on 07.19.2009 | R\$ 25,028,116.12 | R\$ 0.05820126 (R\$ 0.04947107, after 15% withholding Income Tax) | 08.12.2009 |
| Dividends ¹ | Board of Director Meeting on 07.19.2009 | R\$ 215,151,529.87 | R\$ 0.50032093 | 08.12.2009 |
| Interest on Equity Capital ² | Board of Director Meeting on 02.24.2010 | R\$ 18,225,660.59 | R\$ 0.04235399 (0.03600089, after 15% withholding Income Tax) | 04.08.2010 |
| Dividends ² | Board of Director Meeting on 02.24.2010 | R\$ 339,385,819.92 | R\$ 0.78868711 | 04.08.2010 |

1 The dividends referred to were calculated based on the shareholder position at 07.24.2009, seeing that as of 07.27.2009 the Company's shares were negotiated "ex" interest on equity capital and dividends.

2 The dividends referred to were calculated based on the shareholder position at 03.01.2010, seeing that as of 03.02.2010 the Company's shares were negotiated "ex" interest on equity capital and dividends.

6. In the event dividends or interest on equity capital were declared based on profits verified in semi-annual or shorter period balance sheets:

a. State the total amount of dividends or interest on equity capital previously declared:

1st Semester/2009
 Net IEC = 21,273,898.00
 Gross IEC = 25,028,115.79
 Dividends = 215,151,530.58

b. State the date of the respective payments:

August 11, 2009.



7. Supply a comparative table indicating the following values per share for each type and class:
- Net profit in the fiscal year and in the previous 3 (three) fiscal years;
 - Dividends and interest on equity capital distributed in the previous 3 (three) fiscal years.

| | <i>Fiscal Years ended at December 31</i> | | | |
|--|--|-----------------------|-----------------------|-----------------------|
| | 2009 | 2008 | 2007 | 2006 |
| Net Profit | 683,923,098.58 | 525,780,821.00 | 456,913,816.89 | 469,326,360.77 |
| Dividends and IEC Distributed¹ | 591,303,058.36 | 491,060,407.31 | 409,249,699.46 | 354,399,633.56 |
| Value per Share | 1.37448000 | 1.14540000 | 0.95450001 | 0.82993531 |

(1) Interest on Equity Capital – net of Income Tax withheld at source

8. If profits are allocated to the legal reserve:

- Identify the total amount allocated to the legal reserve:
- Describe the manner in which the legal reserve was calculated:

There was no allocation.

9. In the event the company possesses preferential shares with a right to fixed or minimum dividends:

- Describe the manner in which the fixed or minimum dividends were calculated:
- State if the profit earned over the fiscal year is sufficient to fully pay the fixed or minimum dividends:
- State whether any eventually non-paid amount accumulates:
- State the total amount of fixed or minimum dividends to be paid for each class of preferential share:
- State the minimum dividends to be paid for each class of preferential share:

Not applicable.

10. Regarding the mandatory dividend:

- Describe the basis for calculation as foreseen in the by-laws:



Pursuant to article 28 of the by-laws, in Chapter IV:

“Shareholders will have the right to receive, each fiscal year, for the purpose of dividends, a minimal mandatory percentage of 30% (thirty percent) of the net profit adjusted as follows:

I. Amounts that result from reversals of contingency reserves that were constituted previously during the fiscal year, will be added;

II. Amounts allocated to the constitution of the legal reserve and of contingency reserves during the fiscal year, will be deducted

III. Each and every time that the amount of the minimum mandatory dividend is greater than the actual portion of the net profit for the fiscal year, management may propose and the General meeting may approve that the excess be allocated to the constitution of a future profits reserve (article 197 of Law 6.404/76, as per the text in Law 10.303/01).”

b. **State if it is being paid in full:**

Yes.

c. **State amounts eventually withheld:**

Not applicable.

11. **In the event the mandatory dividend is being withheld due to the company's financial situation: a. State the amount withheld; b. Describe in detail the company's financial situation including covering aspects related to the analysis of liquidity, working capital and positive cash-flows; and justify the withholding of dividends.**

Not applicable.

12. **If net profits are allocated to contingency reserves: a. State the amount allocated to the reserve; b. State the loss considered probable and its cause c. Explain why the loss is considered probable; and d. Justify the constitution of the reserve.**

Not applicable.

13. **If net profits are allocated to an unearned profits reserve: a. State the amount allocated to the unearned profits reserve; b. State the nature of the unearned profits that gave origin to the reserve.**

Not applicable.

14. **If net profits are allocated to statutory reserves: a. State the clauses in the by-laws that establish the reserves; b. state the amount allocated to the reserve; and c. Describe how the amount was calculated.**

Not applicable.



15. Retained profits forecasted in the capital budget:

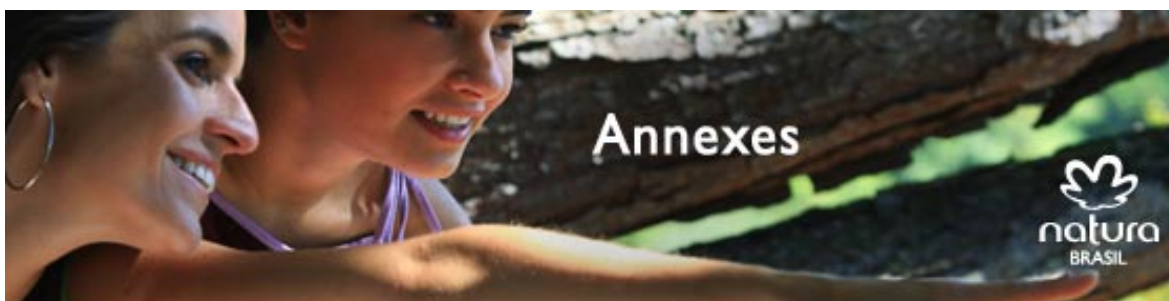
The proposed amount of retained profits to be deliberated by shareholders is R\$ 82,987,376.89 (eighty-two million, nine hundred and eighty-seven thousand, three hundred and seventy-six reais and eighty-nine cents), an amount that will partially fund the capital budget as described in the table below:

Capital Expenditures and Working Capital Budget

| | |
|---|-----------------------|
| Third Party Funds | 155,012,623.11 |
| Own Funds – Retained Profits Reserve – 2009 Fiscal Year | 82,987,376.89 |
| Total Sources | 238,000,000.00 |

16. If net profits are allocated to tax incentive reserves: a. State the amount allocated to the reserve; and b. Explain the nature of the allocation.

Not applicable.



ANNEX V – MANAGEMENT INFORMATION

Information on the Board of Directors

The table below presents the name, age and positions occupied for the members of our Board of Directors:

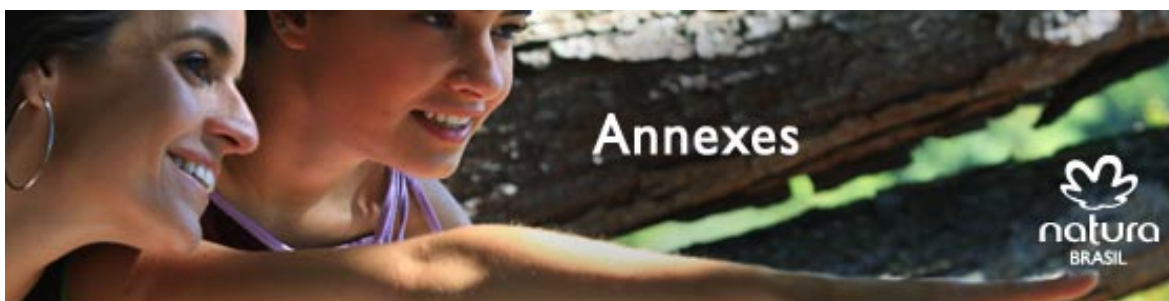
| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------------------|-----|------------------------|---------------------------------------|--------------------------|--------------|----------------|----------------|----------------------|----------------------------------|
| Antonio Luiz da Cunha Seabra | 67 | Economist | 332.927.288-00 | Co-chairman | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| Guilherme Peirão Leal | 60 | Business Administrator | 383.599.108-63 | Co-chairman | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| Pedro Luiz Barreiros Passos | 58 | Engineer | 672.924.618-91 | Co-chairman | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| José Guimarães Monforte | 61 | Economist | 447.507.658-72 | Board Member | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| Julio Moura Neto | 57 | Engineer | 468.948.027-34 | Board Member | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| Luiz Ernesto Gemignani | 63 | Engineer | 345.209.708-06 | Independent Board Member | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |
| Edson Vaz Musa | 72 | Engineer | 016.361.978-68 | Independent Board Member | 03.23.2009 | 03.23.2009 | 1 year | Committee Member | Yes |

Executive Board

The table below presents the name, age and positions occupied for the members of our Executive Board:

| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------------------|-----|------------------------|---------------------------------------|--|--------------|----------------|----------------|----------------------|----------------------------------|
| Alessandro Giuseppe Carlucci | 43 | Business Administrator | 084.142.238-93 | Director President | 02.24.2010 | 02.24.2010 | 3 years | Committee Member | Yes |
| Roberto Pedote | 42 | Business Administrator | 115.324.298-27 | Director of Finance and Investor Relations | 02.24.2010 | 02.24.2010 | 3 years | Committee Member | Yes |
| Lucilene Silva Prado | 40 | Lawyer | 081.640.338-47 | Director of Legal Affairs | 02.24.2010 | 02.24.2010 | 3 years | - | Yes |
| José Vicente Marino | 44 | Business Administrator | 118.032.008-55 | Sales & Marketing Director | 02.24.2010 | 02.24.2010 | 3 years | - | Yes |

Audit Committee



At December 31, 2009, the Audit Committee had not been instated.

Information on Company Committees

The table below presents the name, age and positions occupied for the members of our Committees:

Audit, Risk Management and Finance Committee

| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|-------------------------|-----|------------------------|---------------------------------------|-------------------------|--------------|----------------|----------------|---|----------------------------------|
| José Guimarães Monforte | 61 | Economist | 447.507.658-72 | President | 04.22.2009 | 04.22.2009 | 1 year | Member of the Committee and the Board | Yes |
| Roberto Pedote | 42 | Business Administrator | 13.564.073-8 | Member | 04.22.2009 | 04.22.2009 | 1 year | Member and CFO and Investor Relations Officer | Yes |
| Taiki Hirashima | 70 | Accountant | 007.568.818-20 | Member | 04.22.2009 | 04.22.2009 | 1 year | - | Yes |
| Gilberto Mifano | 60 | Business Administrator | 566.164.738-72 | Member | 06.17.2009 | 06.17.2009 | 1 year | - | Yes |
| Moacir Salzstein | 51 | Engineer | 036.269.088-01 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee Member | Yes |
| Mercedes Stinco | 39 | Accountant | 111.241.298-04 | Secretary | 04.22.2009 | 04.22.2009 | 1 year | - | Yes |

Personnel and Organization Committee

| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------------------|-----|------------------------|---------------------------------------|-------------------------|--------------|----------------|----------------|----------------------------|----------------------------------|
| Luiz Ernesto Gemignani | 63 | Engineer | 345.209.708-06 | President | 04.22.2009 | 04.22.2009 | 1 year | Board Member | Yes |
| | | | 672.924.618-91 | | 04.22.2009 | 04.22.2009 | 1 year | Committee Member, | Yes |
| Pedro Luiz Passos | 58 | Engineer | | Member | | | | Co-Chairman of the Board | |
| Alessandro Giuseppe Carlucci | 43 | Business Administrator | 084.142.238-93 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee Member, CEO | Yes |
| Edson Vaz Musa | 72 | Engineer | 016.361.978-68 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee and Board Member | Yes |
| Marcelo Cardoso | 43 | Business Administrator | 085.292.848-36 | Member | 04.22.2009 | 04.22.2009 | 1 year | - | Yes |
| Fatima Raimondi | 50 | Engineer | 027.535.348-61 | Member | 12.01.2009 | 12.01.2009 | 1 year | - | Yes |



| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------|-----|------------|---------------------------------------|-------------------------|--------------|----------------|----------------|----------------------|----------------------------------|
| Moacir Salzstein | 51 | Engineer | 036.269.088-01 | Secretary | 04.22.2009 | 04.22.2009 | 1 year | Committee Member | Yes |

Strategic Committee

| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------------------|-----|------------------------|---------------------------------------|-------------------------|--------------|----------------|----------------|--|----------------------------------|
| Julio Moura Neto | 57 | Engineer | 468.948.027-34 | President | 04.22.2009 | 04.22.2009 | 1 year | Committee and Board Member | Yes |
| Pedro Luiz Passos | 58 | Engineer | 672.924.618-91 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee Member, Co-Chairman of the Board | Yes |
| Edson Vaz Musa | 72 | Engineer | 016.361.978-68 | Member | 04.22.2009 | 04.22.2009 | 1 year | Chairman of the Board Committee and Board Member | Yes |
| Alessandro Giuseppe Carlucci | 43 | Business Administrator | 084.142.238-93 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee Member, CEO | Yes |
| Moacir Salzstein | 51 | Engineer | 036.269.088-01 | Secretary | 04.22.2009 | 04.22.2009 | 1 year | Committee Member | Yes |

Corporate Governance Committee

| Name | Age | Profession | Individual Tax Payer Registration no. | Effective Position Held | Date Elected | Date in Office | Term in Office | Other Positions Held | Elected by the Controlling Party |
|------------------------------|-----|------------------------|---------------------------------------|-------------------------|--------------|----------------|----------------|--|----------------------------------|
| Pedro Luiz Passos | 58 | Engineer | 672.924.618-91 | President | 04.22.2009 | 04.22.2009 | 1 year | Committee Member, Co-Chairman of the Board | Yes |
| Guilherme Peirão Leal | 60 | Business Administrator | 383.599.108-63 | Member | 04.22.2009 | 04.22.2009 | 1 year | Chairman of the Board, Co-Committee Member | Yes |
| José Guimarães Monforte | 61 | Economist | 447.507.658-72 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee and Board Member | Yes |
| Julio Moura Neto | 57 | Engineer | 468.948.027-34 | Member | 04.22.2009 | 04.22.2009 | 1 year | Committee and Board Member | Yes |
| Antonio Luiz da Cunha Seabra | 67 | Economist | 332.927.288-00 | Member | 04.22.2009 | 04.22.2009 | 1 year | Co-Chairman of the Board | Yes |
| Moacir Salzstein | 51 | Engineer | 036.269.088-01 | Secretary | 04.22.2009 | 04.22.2009 | 1 year | Committee Member | Yes |

Information on the members of the Board of Directors and Executive Board



- (a) *Description of the main occupations and résumés for our Officers and the management positions they hold or have held in publicly traded companies:*

Antonio Luiz da Cunha Seabra

Mr. Antônio Luiz da Cunha Seabra graduated in Economics and is the founder and co-Chairman of Natura's Board of Directors, having founded the Company in 1969. Previously he was Superintendent at Remington Rand do Brasil and manager at Laboratórios Bionat. He is presently a member of the Company's Board of Directors and does not occupy nor has occupied any other management position in publicly traded companies in Brazil.

Guilherme Peirão Leal

Mr. Guilherme Peirão Leal is one of the co-founders, controlling parties and Co-Chairman of the Board of Directors of Natura Cosméticos. He is furthermore founder, ex-Chairman and current member of the Decision-making Board of the Ethos Institute – Companies and Social Responsibility, ex-Chairman of the Board of Directors and current member of the Advisory Board at FUNBIO (Brazilian Biodiversity Fund) and is a member of the Advisory Board at WWF-Brasil. During 8 years he was President of the “Associação Brasileira de Venda Direta” (Brazilian Association for Direct Sales). He was a founder and coordinator of the “PNBE – Pensamento Nacional das Bases Empresariais” (cornerstone for Brazilian Businessmen's Thoughts); Chairman of the Decision-making Board at the Abrinq Foundation (for Children's Rights); Curator councilman at the Dom Cabral Foundation and Chairman of the Presidents Group at the “CTE – Centro de Tecnologia Empresarial” (Center for Entrepreneurial Technology). He was a board member and founder of the Akatu Institute for Conscientious Consuming, a member of CEAL – Latin American Businessmen's Board, a director of the IEDI- Institute for Studies on Industrial Development, and a member of CONSEA – the President of the Republic's Council on Safe Nourishment. He participated in the boards of the holding companies of the Nueva Group and of the “O Estado de São Paulo” newspaper group. Currently he is directing his efforts at supporting the constitution of ESCAS – Superior School for Environmental Conservation and Sustainability, a partnership between IPÊ – Institute for Ecological Research and Natura. He is also dedicating himself to forming the ARAPYAUÍ Institute for Education and Sustainable Development, which name corresponds, in the indigenous Guarani language, to a new time-space, within the concept of constant renovation.



Pedro Luiz Barreiros Passos

Mr. Pedro Luiz Barreiros Passos graduated in Production Engineering from the Polytechnical Institute of USP (University of São Paulo) and in Business Administration from the Getúlio Vargas Foundation. He is Co-Chairman of Natura's Board of Directors, having joined the Company in 1983. Mr. Pedro Luiz Barreiros Passos is currently a member of the Company's Board of Directors, is Chairman of the Curator Council for the Institute for Studies on Industrial Development - IEDI, Vice-President of the Curator Council at the National Quality Foundation (FNQ) and is a member of the Board of the Institute for Technological Research (IPT), the SOS Atlantic Forest Foundation, the Endeavour Entrepreneur Institute, the Dom Cabral Institute and of Totvs S/A.

José Guimarães Monforte

Mr. José Guimarães Monforte has been the CEO of PRAGMA Asset Management since 2007. From 1999 to 2007, he was CEO at Janos Comércio, Administração e Participações Ltda. He also worked as an executive at several banks and companies such as BANESPA, Merrill Lynch, Citibank and VBC Energia. He is currently a member of the Company's Board of Directors as well as of the Boards at Banco Tribanco and Vivo. He was a member of the Board of Directors at JHSF Participações, at Drogoraia, at SABESP, at Claro, at Banco Nossa Caixa, at Pini Editora, at Caramuru Foods and at Klicknet. He was Vice-President of ANBID (National Association of Investment and Development Banks) and of the Settlement Department Board at the Commodities Exchange.

Julio Moura Neto

Mr. Júlio Moura Neto is a member of Company's Board of Directors and is the Chairman of its Strategic Committee. He is currently a member of the Company's Board of Directors and is part of the Executive Committee at WBCSD (World Businessman's Council for Sustainable Development), headquartered in Geneva, Switzerland. He is also a member of the Advisory Council for Business Administration post-graduate studies at the San Andrés University in Buenos Aires, Argentina. He has held, among other positions, those of Chairman of the Board of Directors and Director-President for the Grupo Nueva S.A., Chairman of the Board of Directors at MASISA S.A., President and CEO of the AMANCO Group; Executive Vice-President and member of the Executive Committee at Schindler Elevators, in Luzern, Switzerland; Corporate Vice-President and President of the Latin America Division at SIKA, in Baar, Switzerland; Member of the Board of Directors at Messerli AG, Switzerland.



Luiz Ernesto Gemignani

Mr. Luiz Ernesto Gemignani holds, since 2001, the position of Director-President at Promon S.A. and, since 2007, is also the President of the Company's Administration Council which is set on integrating and implementing infrastructure solutions in strategic sectors of the economy in Brazil and abroad. Mr. Luiz Ernesto Gemignani is currently a member of the Company's Board of Directors and is also Chairman of the Board of Directors at Promon S.A. Previously, during the 1998 to 2007 period, he was a Board member at WEG Equipamentos Elétricos S.A.

Edson Vaz Musa

Mr. Edson Vaz Musa holds, since 1998, the position of Chairman of the Board of Directors at Caloi Norte S.A., a company that manufactures and sells bicycles. He is currently a member of the Company's Board of Directors and is Chairman of the Board at Caloi Norte S.A.

Alessandro Giuseppe Carlucci

Mr. Alessandro Giuseppe Carlucci is Director President of the Company, which he joined in 1989 to work in the Sales and Marketing area. Mr. Carlucci is also Treasurer of the World Federation of Direct Selling Associations, an organization that brings together all of the direct sales company associations in the world. He is currently the Company's statutory Director President and does not occupy nor has occupied any other management position in publicly traded companies in Brazil.

Roberto Pedote

Mr. Roberto Pedote held, from February, 1990 to October, 2006, the position of Finance Director at Indústrias Gessy Lever Ltda., a company which produces and sells foodstuffs and personal and home care products. During the period from December, 2006 to October, 2008, he held the position of Finance Director at Nokia do Brasil Tecnologia Ltda, a telecommunications company. Since November, 2008, Mr. Pedote occupies the position of Director of Finance and Investor Relations of the Company, which is involved in the sale of cosmetic products. He is presently a statutory director of the Company and does not occupy nor has occupied any other management position in publicly traded companies in Brazil.



Lucilene Silva Prado

Ms. Lucilene Silva Prado has worked for over fifteen years in corporate law, predominantly in the tax, commercial and corporate renegotiation areas. She has been at Natura for over nine years, working at first as Tax and Corporate Law Manager and, since a year and a half ago, as Director of Legal Affairs. She is furthermore a university professor and the author of books and articles on tax law. She is presently a statutory director of the Company and does not occupy nor has occupied any other management position in publicly traded companies in Brazil.

José Vicente Marino

Mr. José Vicente Marino is Business Vice-President for the Company, responsible for all business in Brazil since 2008. Before joining Natura in March, 2008 he worked at multinational companies in the consumer goods market such as Johnson & Johnson Comércio e Distribuidora Ltda, a company active in the personal hygiene and health sector, where he held the positions of Director, Vice-President and President for the period from 2001 to 2008. He is presently a statutory director of the Company and does not occupy nor has occupied any other management position in publicly traded companies in Brazil.

(b) *Description of any of the following events that may have occurred during the last 5 years*

- i. *Any criminal conviction;*
- ii. *Any conviction in a CVM administrative process and the sentences applied; and*
- iii. *Any final decision not subject to appeal, of a legal or administrative nature, which has suspended or impeded the person from practicing any professional or commercial activity*

The entire Company Management has declared, for all legal purposes, that over the past 5 (five) years none of its members has suffered any criminal conviction, any conviction or sentencing in a CVM administrative process and any final legal or administrative decision not subject to appeal, that would effectively suspend or incapacitate a member from practicing any professional or commercial activity.

Marital relations, stable relationships or relatives

With the exception of the what is mentioned below, there are no family ties (i) among our management; (ii) between our management and that of companies controlled directly or indirectly by the Company; (iii) between our management and companies controlled by us directly or indirectly, or direct or indirect controlling entities; and/or (iv) between our management and that of our direct or indirect controlling companies.



Mr. Antonio Luiz da Cunha Seabra is a controlling partner in the company Lisis Participações S.A., in which other members of his family are shareholders. Lisis Participações S.A. has signed a Company controlling block shareholders' agreement.

Mr. Guilherme Peirão Leal is a controlling partner in the company Utopia Participações S.A., in which other members of his family are shareholders. Utopia Participações S.A. has signed a Company controlling block shareholders' agreement.

Mr. Pedro Luiz Barreiros Passos is a controlling partner in the company Passos Participações S.A., in which other members of his family are shareholders. Passos Participações S.A. has signed a Company controlling block shareholders' agreement.

Subordinate, service rendering or control relationships maintained over the last three fiscal years between our management and: (i) a company directly or indirectly controlled by the Company; (ii) a direct or indirect controlling entity of the Company; and/or (iii) if relevant, a supplier, client, debtor or creditor of the Company, organizations it controls or that control it or entities controlled by any of these people.

Some of the Company's Officers are also managers of organizations controlled by the Company.

Some of the members of the Board of Directors are also shareholders in companies that have signed the Shareholders Agreement as part of the controlling block of the Company:

Mr. Antonio Luiz da Cunha Seabra is a direct and indirect controlling party through Lisis Participações S.A., a company authorized to issue shares which, jointly with Mr. Seabra is part of the controlling block and is listed as having signed a Company controlling block shareholders' agreement.

Mr. Guilherme Peirão Leal is a direct and indirect controlling party through Utopia Participações S.A., a company authorized to issue shares which, jointly with Mr. Leal is part of the controlling block and is listed as having signed a Company controlling block shareholders' agreement.

Mr. Pedro Luiz Barreiros Passos is a direct and indirect controlling party through Passos Participações S.A., a company authorized to issue shares which, together with Mr. Passos is part of the controlling block and is listed as having signed a Company controlling block shareholders' agreement.

Additionally, a sub-rental agreement has been signed between the Company and Janos Comércio Administração Participações Ltda., a company in which Messrs. Antonio Luiz da Cunha Seabra, Guilherme Peirão Leal and Pedro Luiz Barreiros Passos appear as partners, which purpose is the sub-rental of office space for use of the members of Natura's board.



Description of the dispositions of any agreements, including insurance policies, that foresee the payment or reimbursement of expenses incurred by the management, which result from reparation of damages to third parties or to the Company, from fines imposed by state agents, or from agreements with the purpose of terminating administrative processes or lawsuits which arose in the line of duty.

The Company has an Insurance for Civil Responsibility of Members and Executive Officers, through Itaú Seguros, for the period 11.21. 2009 to 11.21.2010, for the coverage of losses and damages to third-parties from acts linked to the execution of the functions and attributions of Members and/or Executive Officers, up to the amount of R\$ 10,000,000.00 (ten million reais).

There are no such agreements or insurance policies whatsoever.



ANNEX VI – MANAGEMENT REMUNERATION

MANAGEMENT REMUNERATION

I. Remuneration policy and practices for the Board of Directors, Executive Board, Audit Committee and Committees

(a) objectives of the remuneration policy and practices

Remuneration in our Company is partially tied to our results and to their increase in value. We believe that the variable portion of the remuneration that we offer allows us to attract and retain the highly qualified professionals who manage our Company.

We are permanently attentive to variations in the external environment and annually compare (benchmark?) our salary ranges with reference markets, such as competitors in the consumer goods segment, Brazilian multinationals, companies listed on the stock exchange or that feature remuneration strategies similar to Natura's. Over the last years we have maintained a policy that positions total remuneration to the various groups of employees at an above-market level, in such a way as to share the generation of wealth with all those who participate in making our value proposal feasible, in an autonomous and entrepreneurial manner.

Our greatest differential in relation to the market is the variable remuneration and supplementary compensation model which has been adapted to the characteristics of each group of employees and executives, so that payment terms, amounts and goals are adequate to the reality of each activity.

We further offer a pension plan to our officers and employees. It is an encouraged savings plan in which the employee allocates up to 5% of his or her salary on a monthly basis and Natura contributes with 60% of this value.

In conjunction with this and concerning base remuneration, we opt for the payment of 14 salaries per year throughout Brazil, while labor laws determine 13 salaries. This specially benefits lower-income professionals and promotes a culture for generating savings. Our sales force in its turn is awarded a bonus for each cycle (21-day period), proportional to the results achieved. For this group, the 14th salary is replaced by the sales bonus, a specific variable remuneration model.

Forming leaders is fundamental for the maintenance of our growth trajectory and is aligned with our Values and Beliefs. Therefore, initiatives in this respect were broadened in 2009, to reach new professionals who joined us over the last years.

For a group of senior executives who are responsible for Natura's long-term strategy, we consistently tie supplementary compensation not only to the generation of short-term results but, overall, to commitment to our long-term project through a Stock Option Plan which encourages risk-taking and attitudes of undertaking and engagement. We understand that this program does not represent income to the executive but that it can signify a real gain, depending on the variation in stock prices on the day that their shares are sold. For more information on the Stock Option Plan, refer ahead to item 13.6 Other Relevant Information.



The changes proposed by the Personnel and Organizational Development Committee and approved by the Board of directors sought to assure a sense of property and involvement, to strengthen the relationship between remuneration and supplementary compensation and the creation of value to the company, in addition to Natura's healthy growth with the balanced distribution of results when the profitability of the business allows.

According to the new dynamics of the Program, as of 2009 the granting of share purchase options is associated to the executive's decision to invest a minimum of 50% of the amount received as profit sharing in the purchase of Natura stock. Options granted may be exercised after a four-year vesting period (grace period to reach maturity), with a validity term of eight years. During this time these acquired shares cannot be sold and are associated to the options, that is, the sale results in loss of the options. Up to the prior year the vesting period was set at three years and the Plan expired in six years without requiring the purchase and maintenance of shares. With the new terms, the executive is awarded more time to choose the best moment to exercise the options at the same time in which Natura reinforces senior management's long-term commitment.

The Board of Directors has moreover established that the total amount of annual profit sharing, the basis of the long-term incentive program, cannot exceed 10% of the net profits earned. With these limits Natura counts on a coherent and well-controlled system that avoids recent distortions in executive compensation that have occurred in other countries.

(b) Composition of remuneration, specifying:

i. description of remuneration elements and the objectives of each:

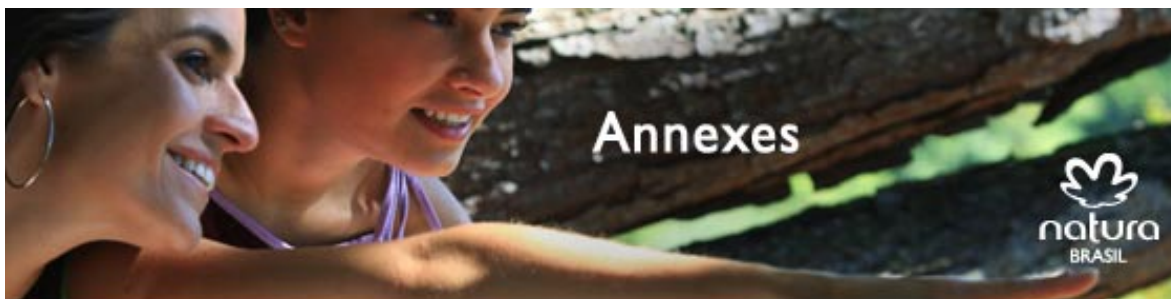
Our executive board is compensated with a base remuneration and a variable remuneration, in addition to indirect benefits.

- Base Remuneration: base remuneration is the amount paid monthly which recognizes and reflects the scope of the experience and responsibilities of each executive board member.

- Variable Remuneration: the variable portion of the remuneration paid to the Company's executive board is a manner in which to reward those achieving or surpassing goals based on economic, social and environmental factors, which may contribute to the Company achieving its goals based on these factors.

The variable component, be it short-term remuneration or long-term gains, represents a greater portion of remuneration to senior executives compared with the other employees as we believe in creating value together. In addition to well-defined limits, all variable remuneration is tied to goals that have been effectively achieved, that is, that have exceeded minimum growth expectations set annually by management. The performance indicators system that measures this accomplishment covers the three dimensions for sustainability.

As an example, in 2008 the following indicators were considered: • Economic – consolidated EBITIDA; and the financial result of international operations; • Social – organizational climate survey; and consultants' satisfaction survey; • Environment – water consumption; and carbon emissions.



ii. proportion of each element making up total remuneration;

According to the table below, proportions for the fiscal year ended on December 31, 2009 were:

| | % of total compensation | | | |
|--------------------|-------------------------|-----------------------|----------|---------|
| | Base Remuneration | Variable Remuneration | Benefits | Total |
| Board of Directors | 61.18% | 30.59% | 8.22% | 100.00% |
| Executive Board | 46.76% | 44.95% | 8.30% | 100.00% |

iii. methodology for calculating and adjusting each one of the remuneration elements; and

Adjustments to our executive board’s remuneration are defined annually during the Annual General Shareholder’s Meeting.

iv. reasons that justify the composition of the remuneration.

With the above-mentioned remuneration policy we aim at compensating our professionals according to the responsibilities their positions hold, market practices and the Company’s level of competitiveness.

c) main performance indicators taken into consideration in determining each remuneration element
 Performance indicators that determine variable remuneration elements take into consideration financial, social and environmental aspects.

d) remuneration structure that reflects the evolution of performance indicators

Performance indicators are monitored on a quarterly basis, and the final results are closed and approved by the Board of Directors in the year subsequent to the fiscal year. The performance indicator generated by the financial results directly defines total variable remuneration.

e) relationship between the compensation policy and practices and the Company’s interests

Since the Company primarily favours financial results in determining the variable remuneration detailed hereunder, the Company assures that remuneration is sustainable and does not threaten any other investment.

f) remuneration supported by subsidiary companies, controlled companies or direct or indirect controlling entities

All of the remuneration to management is paid-out solely and directly by the Company, even in the case of foreign subsidiaries or controlled companies, and there are no members of the Board of Directors or of the Executive Board who receive remuneration supported by subsidiary companies, controlled companies or by direct or indirect controlling entities.

g) remuneration or benefits linked to the holding of company events

No remuneration or benefits are linked to the holding of company events.



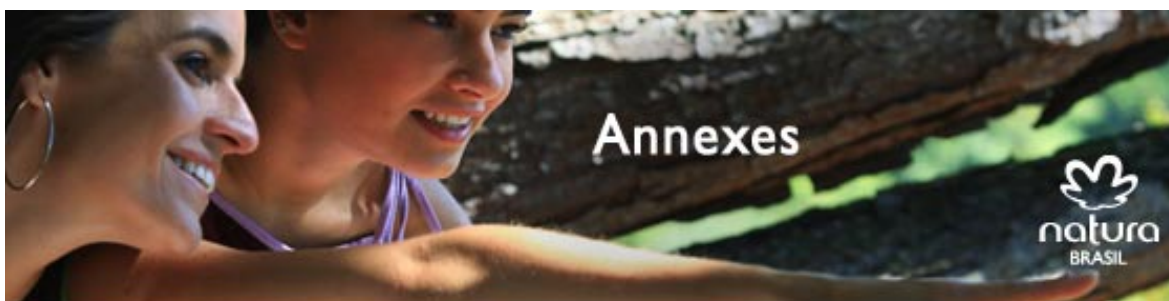
2. Remuneration of the Company's Board of Directors, Audit Committee and Executive Board and forecasted remuneration for fiscal year 2010

| | Amounts forecasted for 2010 | | |
|--|-----------------------------|-----------------|-----------------|
| | Board of Directors | Executive Board | Total |
| Number of Members | 7 | 4 | 11 |
| Fixed Annual Remuneration..... | 3,182.0 | 5,477.1 | 8,659.1 |
| Salary/ Fees..... | 2,936.2 | 5,275.3 | 8,211.5 |
| Benefits | 245.8 | 201.8 | 447.6 |
| Participation in Committees..... | - | - | - |
| Other..... | - | - | - |
| Variable Remuneration | 2,068.1 | 4,653.0- | 6,721.1 |
| Bonus | - | - | - |
| Profit Sharing..... | 2,067.1 | 4,053.0 | 6,721.1 |
| Participation in Meetings..... | - | - | - |
| Commissions..... | - | - | - |
| Other..... | - | - | - |
| Post-Employment Benefit..... | - | - | - |
| Benefits for termination of employment..... | - | - | - |
| Remuneration based on stock options | - | 0 | 0 |
| Monthly value of Remuneration | 437.5 | 844.2 | 1,281.7 |
| Total Remuneration | 5,250.1 | 10,130.1 | 15,380.2 |

Amounts paid during fiscal year 2009:

| | Board of Directors | Executive Board | Total |
|--|--------------------|-----------------|-----------------|
| Number of Members | 7 | 4 | 11 |
| Fixed Annual Remuneration..... | 3,785.3 | 4,354.3 | 8,139.6 |
| Salary/ Fees..... | 3,561.9 | 4,230.1 | 7,792.0 |
| Benefits | 223.5 | 124.2 | 347.6 |
| Participation in Committees..... | - | - | - |
| Other..... | - | - | - |
| Variable Remuneration | 1,712.6 | 3,634.4 | 5,347.0 |
| Bônus | - | - | - |
| Profit Sharing..... | 1,712.6 | 3,634.4 | 5,347.0 |
| Participation in Meetings..... | - | - | - |
| Commissions..... | - | - | - |
| Other..... | - | - | - |
| Post-Employment Benefit..... | - | - | - |
| Benefits for termination of employment..... | - | - | - |
| Remuneration based on stock options | - | - | - |
| Monthly value of Remuneration | 458.2 | 665.7 | 1,123.9 |
| Total Remuneration | 5,497.9 | 7,988.6 | 13,486.6 |

The Audit Committee was not instated in 2009.



3. Variable remuneration of the Board of Directors, Audit Committee and Executive Board in the last three fiscal years and remuneration forecasted for fiscal year 2010

Amounts forecasted for 2010, according to our remuneration plan:

| | Board of Directors | Executive Board | Total |
|---------------------------------|--------------------|-----------------|-----------------|
| Number of Members | 7 | 4 | 11 |
| Salary/ Fees | 2,936.2 | 5,275.3 | 8,211.5 |
| Minimum amount forecasted | 176.1 | 561.3 | 737.4 |
| Maximum amount forecasted..... | 749.2 | 1,790.6 | 2,539.8 |
| Average amount forecasted | 454.6 | 1,318.8 | 1,773.4 |
| Profit Sharing | 2,068.1 | 4,653.0 | 6,721.1 |
| Minimum amount forecasted | 88.1 | 214.0 | 302.1 |
| Maximum amount forecasted..... | 338.7 | 2,089.0 | 2,427.7 |
| Average amount forecasted.... | 295.4 | 1,163.3 | 1,458.7 |
| Benefits ⁽¹⁾ | 245,8 | 201,8 | 447,6 |
| Minimum amount forecasted..... | 57,1 | 29,4 | 86,5 |
| Maximum amount forecasted | 71,9 | 65,3 | 137,2 |
| Average amount forecasted | 35,1 | 50,5 | 85,6 |
| Total..... | 5,250.1 | 10,130.1 | 15,380.2 |

Amounts paid during fiscal year 2009, according to our remuneration plan ⁽¹⁾

| | Board of Directors | Executive Board | Total |
|------------------------------------|---------------------|-----------------|-----------------|
| Number of Members | 7 | 4 | 11 |
| Salary/ Fees | 3,561.9 | 4,230.1 | 7,792.0 |
| Minimum amount..... | 167.7 | 486.6 | 654.3 |
| Maximum amount..... | 1,065.5 | 1,579.0 | 2,644.5 |
| Average amount | 508.8 | 1,057.5 | 1,566.4 |
| Profit Participation | 1,712.6 | 3,634.4 | 5,347.0 |
| Minimum amount..... | 83.9 | 276.2 | 360.1 |
| Maximum amount..... | 464.4 | 1,428.0 | 1,892.4 |
| Average amount..... | 244.7 | 908.6 | 1,253.2 |
| Amount – achieved goals..... | 1,712.6 | 3,634.4 | 5,347.0 |
| Amount effectively recognized..... | 1,712.6 | 3,634.4 | 5,347.0 |
| Benefits | 223,4 | 124,2 | 347,6 |
| Minimum amount..... | 51,9 | 26,7 | 78,6 |
| Maximum amount..... | 65,4 | 49,8 | 115,2 |
| Average amount | 31,9 ⁽²⁾ | 31,0 | 62,9 |
| Total..... | 5,497.9 | 7,988.6 | 13,486.6 |

⁽¹⁾ The Audit Committee was not instated in 2009.

⁽²⁾ At the Board of Directors, only Co-Chairmen receive indirect benefits. Therefore, the average value resulting from the division of the total benefits paid in 2009 by the number of board members is lower than the amount of benefits paid.

⁽³⁾ The amount of R\$13,486.6 thousand is related to the total amount effectively paid to management in 2009. With the provision reversal made for the payment of remuneration to management, the book value of the remuneration to management changes to R\$13,139 thousand, as per informed at the Company's income statement reported on 02.25. 2010.

4. Stock Option Plan

See Item 13.16 – Other Relevant Information.



5. Shares held by the Company's Executive Board members

The table below shows the number of shares directly held in custody and grouped by executive entity:

| Group | Number of Shares | Percentage (%) |
|---------------------------|------------------|----------------|
| Controlling Entities..... | 258,017,219 | 59.9657% |
| Board of Directors..... | 119,265 | 0.0277% |
| Executive Board | 2,204,713 | 0.5124% |

Obs: (i) information related to the stockholding position of the members of the Board of Directors, except for o Controlling Directors; (ii) the capital of the Company is represented solely by common shares.

6. Stock Option Plan recognized over the last three fiscal years

Amounts relative to fiscal year 2009 ⁽¹⁾

| | Executive Board | | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|
| Number of Members | 4 | | | | | |
| In relation to each Stock Option granting..... | | | | | | |
| Granting Date..... | April 10, 2004 | March 16, 2005 | March 29, 2006 | April 24, 2007 | April 22, 2008 | April 22, 2009 |
| Quantity of Options granted | 9,793 | 9,970 | 93,085 | 128,892 | 235,343 | 510,048 |
| Vesting date..... | 10.04.2008 | 16.03.2009 | 29.03.2010 | 24.04.2011 | 22.04.2012 | 22.04.2013 |
| Maximum vesting period to exercise Options | 10.04.2010 | 16.03.2011 | 29.03.2012 | 24.04.2013 | 22.04.2014 | 22.04.2017 |
| Share transfer restriction deadline | N/A | N/A | N/A | N/A | N/A | N/A |
| Weighted average exercising price for each of the following groups of shares: | R\$ 10,78 | N/A | N/A | N/A | N/A | N/A |
| Outstanding at the beginning of the fiscal year..... | | | | | | |
| Lost during the fiscal year..... | - | - | - | - | - | - |
| Exercised during the fiscal year | R\$ 8.76 | - | - | - | - | - |
| Expired during the fiscal year | - | - | - | - | - | - |
| Fair value of the Options at the granting date..... | | | | | | |
| Potential dilution in the case of Option exercising..... | | | | | | |

⁽¹⁾ The Audit Committee was not instated in 2009.



7. Outstanding Stock Options

Amounts relative to fiscal year 2009 ⁽¹⁾

| | | Executive Board | | | | | |
|--|-----|------------------|------------------|------------------|------------------|-------------------|------------------|
| Number of Members | | 4 | | | | | |
| In relation to non-vested Stock Options..... | | Plan 2004 | Plan 2005 | Plan 2006 | Plan 2007 | Plan 2008 | Plan 2009 |
| Quantity | - | - | 46,543 | 128,892 | 235,343 | 510,048 | |
| Vesting date..... | - | - | 29.03.2010 | 24.04.2011 | 22.04.2012 | 22.04.2013 | |
| Maximum vesting period to exercise Options | - | - | 29.03.2012 | 24.04.2013 | 22.04.2014 | 22.04.2017 | |
| Share transfer restriction deadline | - | - | N/A | N/A | N/A | N/A | |
| Weighted average exercising price | - | - | - | R\$ 26.94 | R\$ 20.92 | R\$ 22.82 | |
| Fair value of Options on the last day of the fiscal year | - | - | - | R\$ 26.94 | R\$ 20.92 | R\$ 22.82 | |
| In relation to vested Options..... | | | | | | | |
| Quantity | 0 | 9,970 | 46,543 | 0 | 0 | 0 | |
| Maximum vesting period to exercise Options | - | 16.03.2011 | 29.03.2012 | 24.04.2013 | 22.04.2014 | 22.04.2017 | |
| Share transfer restriction deadline..... | N/A | N/A | N/A | N/A | N/A | N/A | |
| Weighted average exercising price..... | - | - | R\$ 28.49 | - | - | - | |
| Fair value of Options on the last day of the fiscal year | - | R\$ 19.12 | R\$ 28.49 | R\$ 26.94 | R\$ 20.92 | R\$ 22.82 | |
| Fair value of the total Options on the last day of the fiscal year | - | R\$ 190,626.40 | R\$ 1,326,010.07 | R\$ 3,472,350.48 | R\$ 4,923,375.56 | R\$ 11,639,295.36 | |

⁽¹⁾ The Audit Committee was not instated in 2009.

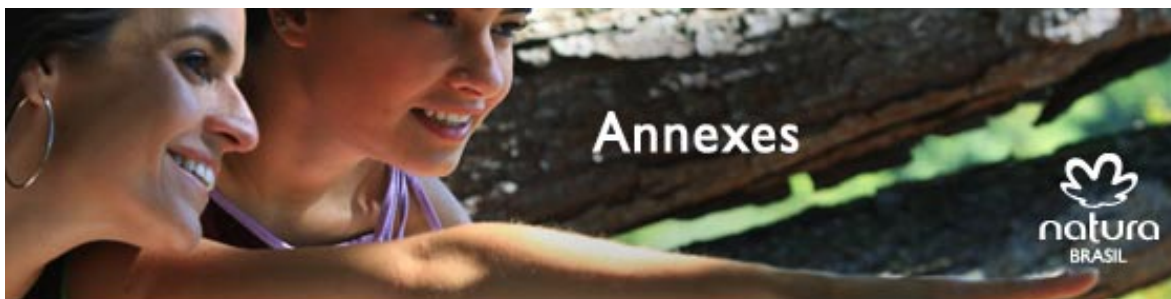
8. Exercised Stock Options

Amounts relative to fiscal year 2009 ⁽¹⁾

| | | Executive Board | | | | | |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Number of Members | | 4 | | | | | |
| In relation to exercised Stock Options..... | | Plan 2004 | Plan 2005 | Plan 2006 | Plan 2007 | Plan 2008 | Plan 2009 |
| Number of Shares | 9,793 | 0 | 0 | - | - | - | |
| Weighted average exercising price..... | R\$ 8.76 | - | - | - | - | - | |
| Total value of the difference between the exercising price and market price of shares related to exercised Stock Options | R\$ 293,887.93 ⁽²⁾ | - | - | - | - | - | |
| In relation to delivered shares..... | | | | | | | |
| Number of Shares | 9,793 | - | - | - | - | - | |
| Weighted average purchase price..... | R\$ 8.76 | - | - | - | - | - | |
| Total value of the difference between the purchase price and market price of the purchased shares..... | R\$ 293,887.93 ⁽²⁾ | - | - | - | - | - | |

⁽¹⁾ The Audit Committee was not instated in 2009.

⁽²⁾ Average market price per share during 2009: R\$38.77



Annexes



9. Relevant information on the Stock Option Purchase Plan

Amounts relative to fiscal year 2009 ⁽¹⁾

| | Board of Directors | Executive Board |
|--|--------------------|---|
| a) pricing model..... | N/A | Binomial |
| b) data and assumptions used in the pricing model, including the weighted-average share price, exercising price, expected volatility, life span of the option, expected dividends and risk-free interest rate..... | N/A | Volatility of 39%; Dividend yield of 5.3%; Risk-free interest rate of 9.6%. |
| c) method employed and assumptions considered to incorporate expected effects of early exercising | N/A | N/A |
| d) manner of determining expected volatility..... | N/A | Standard deviation over the past 740 days. |
| e) if any other option feature was incorporated in its fair value measurement | N/A | N/A |

⁽¹⁾ The Audit Committee was not instated in 2009.

10. Pension fund plans for the members of the Board of Directors and Executive Board

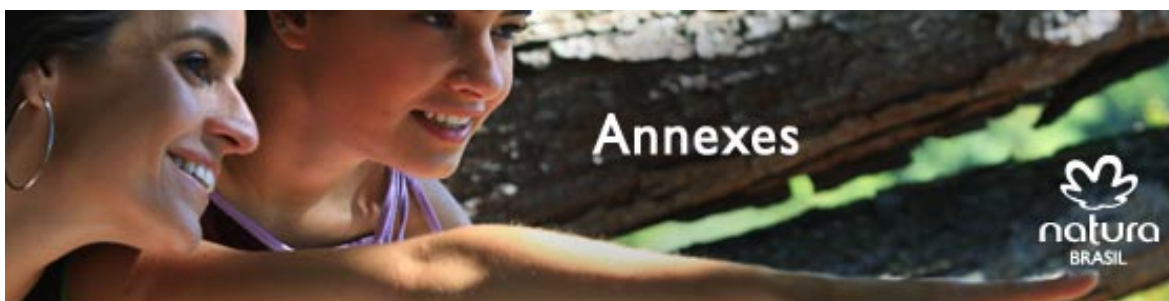
Amounts relative to fiscal year 2009 ⁽¹⁾

| a) | Board of Directors | Executive Board | Total |
|--|--------------------|--|--------------------|
| b) Number of Members..... | 7 | 4 | 11 |
| c) Name of Plan | Not applicable | Encouraged Savings | Encouraged Savings |
| d) number of managers who are apt to retire..... | Not applicable | As per Contract, 60 years of age (termination of employment relationship with the Company) | - |
| e) conditions for early retirement..... | Not applicable | Minimum 50 years of age (termination of employment relationship with the Company) | - |
| f) updated amount of accumulated contributions made to the fund plan up to the closing of the last fiscal year, deducting the portion related to contributions made directly by the board..... | Not applicable | 19,0 ⁽²⁾ | 19,0 |
| g) total accumulated value of contributions made during the last fiscal year, deducting the portion related to contributions made directly by the board | Not applicable | 15,3 ⁽³⁾ | 15,3 |
| h) The possibility of prepayment and the conditions thereof..... | Not applicable | Yes, prepayment of the portion paid-in by the Company only after executive resigns and after 5 years of contribution to the plan | - |

⁽¹⁾ The Audit Committee was not instated in 2009.

⁽²⁾ Amount related to the three executive officers who joined the plan

⁽³⁾ Amounts related to the share that the Company deposited in 2009 to the three executive officers who joined the plan



11. Average Remuneration of the Board of Directors, Executive Board and Audit Committee related to the last three fiscal years

Board of Directors

| Year | Number of Members | Value of the Highest Individual Remuneration | Average Value of the Individual Remuneration | Value of the Lowest Individual Remuneration |
|------|-------------------|--|--|---|
| 2009 | 7 | 1,595.3 | 785.4 | 303.5 |

Executive Board

| Year | Number of Members | Value of the Highest Individual Remuneration | Average Value of the Individual Remuneration | Value of the Lowest Individual Remuneration |
|------|-------------------|--|--|---|
| 2009 | 4 | 3,056.9 | 1,997.2 | 789.6 |

Audit Committee

No Audit Committee was instated in 2009.

12. Description of contractual arrangements, insurance policies or any other instruments structuring compensation or indemnity mechanisms for management in the case of discharge from office or retirement, stating financial consequences to the Company

On December 31, 2009, there were no contractual arrangements, insurance policies or any other instruments structuring compensation or indemnity mechanisms for management in the case of discharge from office or retirement.

13. In relation to the three last fiscal years, state the percentage of total remuneration for each body recognized in the Company's results regarding members of the Board of Directors, of the Executive Board or of the Audit Committee who are parties related to direct or indirect controllers, as defined by accounting rules governing this subject

Amounts relative to fiscal year 2009 ⁽¹⁾

| Board of Directors | Executive Board | Total |
|--------------------|-----------------|-------|
| 87% | 0% | 96% |

⁽¹⁾ The Audit Committee was not instated in 2009.

14. In relation to the three last fiscal years, indicate amounts recognized in the Company's results as remuneration to members of the Board of Directors, statutory Executive Board or Audit Committee, grouped by office, for any reason other than the position they occupy, as for example, commissions and consulting or advisory services rendered

Amounts relative to fiscal year 2009 ⁽¹⁾

| Board of Directors | Executive Board | Total |
|--------------------|-----------------|-------|
| 0.1 | - | 0.1 |

⁽¹⁾ The Audit Committee was not instated in 2009.



15. In relation to the three last fiscal years, indicate amounts recognized in the results of direct or indirect controllers, of companies under common control and controlled by the Company, as remuneration for members of the Board of Directors, Executive Board or Audit Committee, grouped by office, specifying under which title said amounts were credited to these individuals

There are no amounts recognized in the results of our direct or indirect controllers, companies under common control or controlled by the Company, as remuneration for the members of our Board of Directors or our Executive Board. Furthermore, no Audit Committee was instated in the 2009 fiscal year.

16. Other Relevant Information

We understand that our Stock Option Plan does not constitute compensation to its participants due to the characteristics of the program per se. However, we understand that it is important to describe its rules and operation as detailed hereunder.

During the Extraordinary General Meeting held on April 26, 2004, our shareholders approved the Company's "Stock Option or Common Share Purchase or Subscription Program" ("Program"), constituting the general conditions for granting stock options or shares subscription issued by ourselves ("Options"), within a period and price previously established, to our executive officers, managers and employees and those of other companies under our control ("Eligible Employees"), pursuant to the Program. During the Annual General Shareholders Meetings held on March 29, 2005 and on March 23, 2009, some conditions of the Program were modified.

The Program was implemented by means of Common Share Stock Option Plans ("Plan"), developed during each year the Program was in effect by the Board of Directors, at their sole discretion, and was also offered to the Company's registered employees ("Employees").

Under the format valid until 2008, each Plan (i) elected, among Eligible Employees, those to whom the Option was granted ("Program Participants"), (ii) defined the number of Options and the manner of distribution among the various Program Participants; and (iii) defined the total number of shares allocated to the Program, which could not exceed the maximum limit of 3% of our total shares.

The Options granted pursuant to the Program could be exercised one-half at the end of the third year and the other half at the end of the fourth year, as of the date that the respective plan granting the Options was approved, observing that (i) the Program Participant would have a maximum term of six years to exercise the Options, under the penalty of losing the right to said exercising, and (ii) Options would only be granted in years in which enough profit for the distribution of mandatory dividends to shareholders had been earned during the immediately preceding year.

The subscription or purchase price of each share corresponded to the price of the share calculated on the date the Board of Directors approved the Plan, and was determined based on the simple average of the daily median rates of our shares traded at the São Paulo Stock Exchange (BM&FBOVESPA) over the last ten trading sessions prior to the date the Stock Option was granted.



On December 31, 2009, there were 5,537,602 Options at a weighted-average exercising price of R\$ 23.22, of which 685,439 were eligible for exercising.

Additionally, during meetings held on February 21, 2006 and on February 28, 2007, the Board of Directors determined that 340,450 shares, which later spun off into 1,702,250 shares, and 1,514,750 shares, respectively, totalling 3,217,000 shares, be issued to meet the requirements of the Program. Up to December 31, 2009, 1,325,287 of these shares had not been subscribed and paid-in, being that 271,780 shares relative to the February 21, 2006 issuance were pending cancellation for not having been subscribed up to April 10, 2009, the deadline for exercising these Options.

On March 23, 2009, our shareholders, gathered for the Annual and Extraordinary General Shareholder's Meeting, approved the new Program format, maintaining previous conditions but establishing the following modifications: (a) alteration of the vesting period of the Options to four years with the possibility of early exercising in three years, conditioned to the cancelation of 50% of the Options granted in the Plans; (b) alteration of the deadline for exercising Options, from six to eight years; and (c) alteration of the criteria used to determine the value of the Option acquired pursuant to the Program, which became the simple average result verified during the last ten to 30 BMF&BOVESPA trading sessions held in the last 60 consecutive days, counted as of five days prior to the approval of the Plan each year, always considering the daily average price of each trading session.

Under the scope of this new Program model, during the meeting of the Board of Directors held on April 22, 2009, the Stock Option Plan – Calendar Year 2009 (“Plan 2009”) was approved, whereby 2,735,657 Options were granted for the exercising price of R\$ 22.25. The Plan elected as Program Participants Company officers and employees who could: (i) prove, by handing the Company the respective brokerage receipts, that they had invested at least 50% of the net value received as profit sharing during the base period of 2008 in purchasing of shares issued by ourselves; and (ii) sign the Private Instrument for Stock Option Grant or Share Subscription Program (“Stock Option Contract”) with the commitment to authorize the lock-up of the sale of said shares. The referred granting was conditioned to the delivery of brokerage receipts to ourselves by Participants in Plan 2009 and to the ratification, by the Board of Directors, of the Stock Option Grant, which should have happened after the deadline for delivery of brokerage receipts.

Of the 2,735,657 Options granted, only 2,547,800 Options were ratified, taking into account that there were Participants in Plan 2009 who did not invest the minimum amount required of their profit sharing in the purchase of our shares.

Shares acquired by Participants in Plan 2009, by employing amounts received as Profit Sharing in the base period of 2008, will not be in any manner sold, assigned, pledged, swapped, rented or in any other manner transferred to third parties, under penalty of (i) the Participant losing the right to exercise the Options, which will be cancelled before the stock becomes vested; (ii) after being vested, the Participant is immediately required to exercise mature stock Options, irrespective of the deadline to exercise the Options.

The issuance of shares as a result of the exercising of Options, under the scope of the Program, may result in dilution to our shareholders; in any case, the limit of our authorized capital shall be observed. On December 31, 2009, the maximum quantity of shares that could be issued under the scope of the Program was 5,866,661 shares, considering that the total Options granted do not necessarily correspond to the number of shares which may be issued.