

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

July 29, 2008

**SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For July 29, 2008

(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP
(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP
(Translation of Registrant's name into English)

**Rua Costa Carvalho, 300
São Paulo, S.P., 05429-900
Federative Republic of Brazil**
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO SABESP

**PUBLICLY-HELD COMPANY
CORPORATE TAXPAYER S ID (CNPJ) No. 43.776.517/0001 -80**

MATERIAL FACT

Companhia de Saneamento Básico do Estado de São Paulo Sabesp (SABESP), under the terms and for the purposes of CVM Instruction No. 358 dated January 3rd, 2002, of the Brazilian Securities and Exchange Commission (CVM), as amended, hereby informs to its shareholders and the market in general that it has begun the process of structuring the 2nd Securities Distribution Program (2nd Distribution Program), in the amount of up to three billion reais (R\$3,000,000,000.00), and the 9th Issuance of Simple Debentures (9th Issuance), in the amount of up to five hundred million reais (R\$500,000,000.00), the first issuance in the scope of the 2nd Distribution Program; the amount and conditions of the 9th issuance shall be determined during the structuring process.

The structuring process is being carried out by means of a consortium with financial institutions under the leadership of HSBC Bank Brasil S.A. Banco Múltiplo (Lead Manager). The other managers are Banco Citibank S.A., BB Banco de Investimento S.A. and Caixa Econômica Federal (jointly with the Lead Manager, the Managers). The 2nd Distribution Program and the 9th Issuance shall be filed for registration at CVM, pursuant the terms of CVM Instruction no. 400, dated December 29, 2003, as amended, and the effective accomplishment of the 9th Issuance shall be subject to market conditions.

São Paulo, July 15, 2008.

Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer

