

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

January 07, 2011

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 August 25, 2010

(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):

PUBLIC FEDERAL SERVICE

CVM - SECURITIES EXCHANGE COMMISSION

ITR - QUARTERLY INFORMATION
06/30/2010

Corporate
Legislation

COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY.
MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

2 - COMPANY S NAME

1 - CVM CODE

01444-3

**CIA SANEAMENTO
BÁSICO ESTADO SÃO
PAULO**

3 -Federal Taxpayers'
Registration Number (CNPJ)

43.776.517/0001-80

4 - State Registration Number - NIRE

35300016831

01.02 - HEAD OFFICE

1 - ADDRESS

Rua Costa Carvalho, 300

3 - POSTAL CODE 4 - MUNICIPALITY

05429-900

6 - AREA CODE

São Paulo

7 - TELEPHONE

8 - TELEPHONE

2 - SUBURB OR DISTRICT

Pinheiros

5 - STATE

SP

9 - TELEPHONE

10 - TELEX

11 3388-8000 3388-8200 3388-8201
 11 - AREA CODE 12 - FAX 13 - FAX 14 - FAX

11 3813-0254 - -
 15 - E-MAIL

sabesp@sabesp.com.br

01.03 - INVESTOR RELATIONS OFFICER (Company's Mail Address)

1 - NAME

Rui de Britto Álvares Affonso

2 - ADDRESS

3 - SUBURB OR DISTRICT

Rua Costa Carvalho, 300

Pinheiros

4 - POSTAL CODE 5 - MUNICIPALITY

6 - STATE

05429-900

São Paulo

SP

7 - AREA CODE

8 - TELEPHONE

9 - TELEPHONE

10 - TELEPHONE 11 - TELEX

11

3388-8247

3388-8386

-

12 - AREA CODE

13 - FAX

14 - FAX

15 - FAX

11

3815-4465

-

-

16 - E-MAIL

raffonso@sabesp.com.br

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR

CURRENT QUARTER

PRIOR QUARTER

1
-BEGINNING 2 - END

3 -
QUARTER 4
-BEGINNING 5 - END

6 -
QUARTER 7
-BEGINNING 8 - END

01/01/2010 12/31/2010

2 04/01/2010 06/30/2010

1 01/01/2010 03/31/2010

9 - INDEPENDENT ACCOUNTANT

10 - CVM CODE

PRICEWATERHOUSECOOPERS INDEPENDENT AUDITORS

00287-9

11 - PARTNER RESPONSIBLE

12 - INDIVIDUAL
TAXPAYERS'
REGISTRATION NUMBER
OF THE PARTNER
RESPONSIBLE

VALDIR RENATO COSCODAI

031.065.768-71

01.05 - CAPITAL COMPOSITION

NUMBER OF SHARES	1 - CURRENT QUARTER	2 - PRIOR QUARTER	3 - SAME QUARTER IN PRIOR YEAR
	06/30/2010	03/31/2010	06/30/2009
(thousand)			
Paid-up Capital			
1 - Common	227,836	227,836	227,836
2 - Preferred	0	0	0
3 - Total	227,836	227,836	227,836
Treasury Shares			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY

Commercial, Industrial and Other

2 - SITUATION

Operational

3 - NATURE OF OWNERSHIP

State-owned

4 - ACTIVITY CODE

1160 - Sanitation, Water and Gas Services

5 - MAIN ACTIVITY

Water Capture, Treatment and Distribution; Sewage Collection and Treatment

6 - TYPE OF CONSOLIDATION

Total

7 - TYPE OF REPORT OF INDEPENDENT ACCOUNTANTS

Unqualified

01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

NUMBER OF SHARES

01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (R\$ thousand)	4 - AMOUNT OF THE ALTERATION (R\$ thousand)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (Thousand)	8 - SHARE PRICE ON ISSUE DATE (Reais)
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01.10 - INVESTOR RELATIONS OFFICER

1 - Date

2 - SIGNATURE

08/06/2010

02.01 - BALANCE SHEET - ASSETS (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
1	Total assets	22,879,162	21,996,814
1.01	Current assets	3,138,500	2,621,879
1.01.01	Cash and cash equivalents	1,046,840	851,564
1.01.01.01	Cash & Cash Equivalents	1,046,839	851,562
1.01.01.02	Other cash and cash equivalents	1	2
1.01.02	Receivables	1,239,243	1,301,596
1.01.02.01	Trade accounts receivable	1,083,895	1,162,978
1.01.02.02	Sundry receivables	155,348	138,618
1.01.02.02.01	Balances & Transactions with Related Parties	155,348	138,618
1.01.03	Inventories	31,101	34,706
1.01.03.01	Storeroom supplies - operations	31,101	34,706
1.01.04	Other	821,316	434,013
1.01.04.01	Taxes Recoverable	4,773	5,219
1.01.04.02	Deferred Income Taxes & Social Contribution	263,369	250,951
1.01.04.03	Agreement with Sao Paulo City Hall	172,174	136,812
1.01.04.04	Cef - Debêntures	330,587	0
1.01.04.05	Other receivables	50,413	41,031
1.02	Noncurrent assets	19,740,662	19,374,935
1.02.01	Long-term assets	2,122,317	2,106,504
1.02.01.01	Sundry receivables	2,122,317	2,106,504
1.02.01.01.01	Trade accounts receivable	270,484	274,773
1.02.01.01.02	Balances & Transactions with Related Parties	934,208	945,423
1.02.01.01.03	Indemnities receivable	146,213	146,213
1.02.01.01.04	Escrow deposits	47,682	47,439
1.02.01.01.05	Deferred Income Tax & Social Contribution	620,858	591,286
1.02.01.01.06	Other receivables	102,872	101,370
1.02.01.02	Intercompany receivables	0	0
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	0	0
1.02.02	Permanent assets	17,618,345	17,268,431
1.02.02.01	Investments	4,110	4,217
1.02.02.01.01	In affiliated companies	0	0
1.02.02.01.02	In affiliated companies - goodwill	0	0
1.02.02.01.03	In subsidiaries	3,390	3,497
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	0	0
1.02.02.01.06	Shares in other companies	698	698
1.02.02.01.07	Compulsory deposits - Eletrobrás	22	22

1.02.02.02	Property, plant and equipment	15,969,828	15,682,941
1.02.02.02.01	Property, plant and equipment	11,672,056	11,704,906
1.02.02.02.02	Construction in progress	4,297,772	3,978,035
1.02.02.03	Intangible	1,644,407	1,581,273
1.02.02.04	Deferred charges	0	0

02.02 - BALANCE SHEET - LIABILITIES AND SHAREHOLDERS EQUITY (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
2	Total liabilities and shareholders equity	22,879,162	21,996,814
2.01	Current liabilities	3,227,622	3,094,479
2.01.01	Loans and financing	646,294	656,451
2.01.02	Debentures	766,660	299,360
2.01.02.01	6 th issue of debentures	238,461	232,415
2.01.02.02	8 th issue of debentures	442,091	0
2.01.02.03	Interest on debentures	86,108	66,945
2.01.03	Trade accounts payable	175,860	168,563
2.01.04	Taxes payable	168,689	235,429
2.01.04.01	Income tax	42,464	87,205
2.01.04.02	Social contribution tax	15,671	30,529
2.01.04.03	PAES (tax debt refinancing program)	34,688	34,349
2.01.04.04	COFINS and PASEP (taxes on revenue)	39,885	48,733
2.01.04.05	INSS (Social security contribution)	23,768	22,616
2.01.04.06	Other	12,213	11,997
2.01.05	Dividends payable	0	0
2.01.06	Reserves	713,318	712,270
2.01.06.01	For Tax Contingencies	2,634	436
2.01.06.02	For Civil Contingencies	21,499	18,164
2.01.06.03	For Contingencies with Suppliers	195,169	191,704
2.01.06.04	For Contingencies with Customers	457,984	465,876
2.01.06.05	For Environmental Contingencies	21,813	18,210
2.01.06.06	For Labor Contingencies	14,219	17,880
2.01.07	Intercompany payables	0	0
2.01.08	Other	756,801	1,022,406
2.01.08.01	Payroll and related charges	241,482	234,958
2.01.08.02	Accounts Payable	213,639	193,270
2.01.08.03	Interest on capital payable	56	365,423
2.01.08.04	Deferred taxes	27,134	28,941
2.01.08.05	Refundable amounts	59,837	57,295
2.01.08.06	Program contract commitments	68,207	44,507
2.01.08.07	Other payables	146,446	98,012
2.02	Noncurrent liabilities	8,499,660	8,084,086
2.02.01	Long-term liabilities	8,499,660	8,084,086
2.02.01.01	Loans and financing	3,808,766	4,677,301
2.02.01.02	Debentures	2,210,690	932,760
2.02.01.02.01	8 th issue of debentures	0	429,932
2.02.01.02.02	9 th issue of debentures	228,335	226,552
2.02.01.02.03	10 th issue of debentures	277,435	276,276
2.02.01.02.04	11 th issue of debentures	1,204,925	0

2.02.01.02.05	12 th issue of debentures	499,975	0
2.02.01.03	Reserves	852,695	871,452
2.02.01.03.01	For Tax Contingencies	63,733	27,168
2.02.01.03.02	For Civil Contingencies	154,013	140,616
2.02.01.03.03	For Contingencies with Suppliers	168,279	161,691
2.02.01.03.04	For Contingencies with Customers	346,751	420,205
2.02.01.03.05	For Environmental Contingencies	24,121	34,056
2.02.01.03.06	For Labor Contingencies	95,798	87,716
2.02.01.04	Intercompany payables	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,627,509	1,602,573
2.02.01.06.01	Deferred taxes	162,600	157,655
2.02.01.06.02	PAES (tax debt refinancing program)	69,375	77,287
2.02.01.06.03	Social security charges	504,114	492,061
2.02.01.06.04	Indemnities	30,847	41,761
2.02.01.06.05	Program contract commitments	102,399	99,501
2.02.01.06.06	Provision for Actuarial Liability Law 4819/58	507,772	520,055
2.02.01.06.07	Private Public Partnership	144,192	104,751
2.02.01.06.08	Other payables	106,210	109,502
2.03	Deferred income	0	0
2.05	Shareholders' equity	11,151,880	10,818,249
2.05.01	Capital	6,203,688	6,203,688
2.05.02	Capital reserves	124,255	124,255
2.05.02.01	Support to projects	108,475	108,475
2.05.02.02	Incentive reserve	15,780	15,780
2.05.03	Revaluation reserves	2,088,454	2,106,063
2.05.03.01	Own assets	2,088,454	2,106,063
2.05.03.02	Subsidiaries/Affiliates	0	0
2.05.04	Profit reserves	2,054,594	2,054,594
2.05.04.01	Legal	378,526	378,526
2.05.04.02	Statutory	0	0
2.05.04.03	For contingencies	0	0
2.05.04.04	Unrealized profit	0	0
2.05.04.05	Profit retention	0	0
2.05.04.06	Special for unpaid dividends	0	0
2.05.04.07	Other profit reserves	1,676,068	1,676,068
2.05.04.07.01	Reserve for investments	1,676,068	1,676,068
2.05.05	Adjustments of Equity Evaluation	0	0
2.05.05.01	Adjustments of Marketable Securities	0	0
2.05.05.02	Accumulated Conversion Adjustments	0	0
2.05.05.03	Business Combination Adjustments	0	0
2.05.06	Retained earnings (accumulated deficit)	680,889	329,649
2.05.07	Advance for future capital increase	0	0

03.01 - STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

3 -

04/01/2010 4 - 01/01/2010 5 -04/01/2009 6 -01/01/2009

1 - Code	2 - Description	to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
3.01	Gross revenue from sales and/or services	1,904,453	3,790,061	1,743,652	3,523,019
3.02	Gross revenue deductions	(134,665)	(268,270)	(120,029)	(246,030)
3.03	Net revenue from sales and/or services	1,769,788	3,521,791	1,623,623	3,276,989
3.04	Cost of sales and/or services	(781,247)	(1,503,752)	(830,083)	(1,665,272)
3.05	Gross profit	988,541	2,018,039	793,540	1,611,717
3.06	Operating (expenses) income	(497,047)	(1,055,288)	(150,760)	(569,162)
3.06.01	Selling	(255,450)	(413,925)	(187,307)	(395,823)
3.06.02	General and administrative	(106,815)	(259,261)	(100,884)	(248,606)
3.06.03	Financial	(138,601)	(376,400)	135,165	67,562
3.06.03.01	Financial income	95,980	159,311	56,432	112,834
3.06.03.01.01	Financial income	95,926	159,182	56,487	120,336
3.06.03.01.02	Exchange gains	54	129	(55)	(7,502)
3.06.03.02	Financial expenses	(234,581)	(535,711)	78,733	(45,272)
3.06.03.02.01	Financial expenses	(220,310)	(497,135)	(159,091)	(315,966)
3.06.03.02.02	Exchange losses	(14,271)	(38,576)	237,824	270,694
3.06.04	Other operating income	15,603	22,159	10,541	18,064
3.06.04.01	Other operating income	17,193	24,418	11,615	19,905
3.06.04.02	COFINS and PASEP (taxes on revenue)	(1,590)	(2,259)	(1,074)	(1,841)
3.06.05	Other operating expenses	(11,677)	(27,637)	(8,196)	(10,249)
3.06.05.01	Loss on write-off of property, plant and equipment items	(10,871)	(12,195)	(4,268)	(6,048)
3.06.05.02	Provision for Losses in Tax Incentives	0	0	(300)	(300)
3.06.05.03	Tax Incentives	(754)	(904)	(3,072)	(3,072)
3.06.05.04	Provision for Actuarial Liability Law 4819/58	0	(14,237)	0	0
3.06.05.05	Provision for Loss Law 4819/58	0	0	0	0
3.06.05.06	Other	(52)	(301)	(556)	(829)
3.06.06	Equity in subsidiaries	(107)	(224)	(79)	(110)
3.07	Income from operations	491,494	962,751	642,780	1,042,555

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3.08	Nonoperating income (expenses)	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	491,494	962,751	642,780	1,042,555
3.10	Provision for income and social contribution taxes	(198,095)	(435,026)	(200,881)	(337,235)
3.10.01	Provision for income tax	(145,303)	(320,002)	(146,993)	(276,492)
3.10.02	Provision for social contribution tax	(52,792)	(115,024)	(53,888)	(100,743)
3.11	Deferred income tax	40,232	96,518	22,766	55,559
3.11.01	Deferred income tax	29,582	70,969	16,740	40,852
3.11.02	Deferred social contribution tax	10,650	25,549	6,026	14,707
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	333,631	624,243	464,665	720,879
	Number of shares, former treasury shares (thousand)	227,836	227,836	227,836	227,836
	EARNINGS PER SHARE (Reais)	1.46435	2.73988	2.03947	3.16403
	LOSS PER SHARE (Reais)				

04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010	4 - 01/01/2010	5 -01/04/2009	6 - 01/01/2009
		to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
4.01	Net Cash from Operating Activities	155,445	739,669	435,897	1,068,444
4.01.01	Cash Generated from Operations	1,010,421	2,039,783	930,452	1,878,907
4.01.01.01	Net Income before Income Tax and Social Contribution	491,494	962,751	642,780	1,042,555
4.01.01.02	Provision for Contingencies	36,721	213,132	106,720	154,788
4.01.01.03	Reversal of Provision for Losses	310	93	780	1,068
4.01.01.04	Social Security Obligations	16,040	32,181	19,150	38,187
4.01.01.05	Write-off of Fixed Assets	10,871	12,195	4,268	6,048
4.01.01.06	Depreciation and Amortization	150,960	294,808	161,483	323,175
4.01.01.07	Interests on Loans and Financings Payable	137,071	253,604	111,051	234,322
4.01.01.08	Monetary and Foreign Exchange Variation on Loans and Financings	37,007	87,253	(237,005)	(269,653)
4.01.01.09	Expenses with Interests and Monetary Variations	1,070	2,225	1,467	3,022
4.01.01.10	Income with Interests and Monetary Variations	(33,677)	(43,916)	(1,030)	(9,509)
4.01.01.11	Allowance for Doubtful Accounts	117,744	169,280	75,749	163,149
4.01.01.12	Provision for Term of Adjustment of Conduct (TAC)	9,153	9,153	(17,378)	129,186
4.01.01.13	Equity Result	107	224	79	110
4.01.01.14	Provision for Actuarial Liability Law 4819/58	0	14,237	0	0
4.01.01.15	Other Provisions/Reversals	75	(987)	107	228
4.01.01.16	Provision for PMSP Agreement	35,475	33,550	62,231	62,231
4.01.02	Variation to Assets and Liabilities	(412,825)	(559,587)	(144,631)	(205,902)
4.01.02.01	Accounts Receivable	(12,831)	(51,051)	6,685	(34,445)
4.01.02.02	Balances and Transactions with Related Parties	(2,572)	8,818	(5,382)	69,718
4.01.02.03	Inventories	3,295	8,683	2,303	7,465
4.01.02.04	Taxes Recoverable	446	(1,755)	3,356	1,469
4.01.02.05	Other Accounts Receivable	(376,342)	(413,304)	(25,194)	(18,075)
4.01.02.06	Judicial Deposits	(665)	(1,178)	(20,472)	(14,119)
4.01.02.07	Indemnifications Receivable	0	0	0	2,581
4.01.02.08	Contractors and Suppliers	1,220	(9,851)	(3,709)	(21,469)

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4.01.02.09	Salaries, Provisions and Social Security Obligations	(2,629)	(6,780)	494	14,940
4.01.02.10	Provision for Actuarial Liability Law 4819/58	(12,283)	(24,492)	(12,605)	(31,996)
4.01.02.11	Taxes and Contributions Payable	(22,197)	(51,229)	(28,526)	(63,250)
4.01.02.12	Accounts Payable	20,369	19,730	19,721	4,630
4.01.02.13	Other Obligations	40,662	76,165	53,957	54,345
4.01.02.14	Contingencies	(45,311)	(105,173)	(131,122)	(169,204)
4.01.02.15	Pension Plan - Sabesprev Transfer	(3,987)	(8,170)	(4,137)	(8,492)
4.01.03	Others	(442,151)	(740,527)	(349,924)	(604,561)
4.01.03.01	Interests paid	(191,913)	(284,613)	(174,793)	(280,451)
4.01.03.02	Income Tax and Contributions Paid	(250,238)	(455,914)	(175,131)	(324,110)
4.02	Net Cash from Investment Activities	(426,707)	(834,667)	(444,477)	(760,889)
4.02.01	Acquisition of Items of Fixed Assets	(404,294)	(807,511)	(432,878)	(745,057)
4.02.02	Increase in Intangibles	(22,413)	(27,156)	(13,869)	(18,102)
4.02.03	Proceeds received for the Sale of Fixed Assets	0	0	2,270	2,270
4.03	Net Cash from Financing Activities	466,538	372,405	(103,753)	(244,038)
4.03.01	Funding	1,872,185	2,025,282	666,544	844,737
4.03.02	Loan Amortizations	(1,040,280)	(1,2873,491)	(484,966)	(803,444)
4.03.03	Payment of Interests on Shareholders' Equity	(365,367)	(365,386)	(285,331)	(285,331)
4.04	Foreign Exchange Variation on Cash & Cash Equivalents	0	0	0	0
4.05	Increase(Decrease) in Cash & Cash Equivalents	195,276	277,407	(112,333)	63,517
4.05.01	Beginning Balance of Cash & Cash Equivalents	851,564	769,433	797,909	622,059
4.05.02	Ending Balance of Cash & Cash Equivalents	1,046,840	1,046,840	685,576	685,576

05.01 - STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 04/01/2010 to 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL STOCK	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - PROFIT RESERVES	7 -RETAINED EARNINGS/LOSSES	8 -EQUITY ADJUSTMEN
5.01	Beginning Balance	6,203,688	124,255	2,106,063	2,054,594		329,649
5.02	Adjustments from Previous Years	0	0	0	0		0
5.03	Adjusted Balance	6,203,688	124,255	2,106,063	2,054,594		329,649
5.04	Profit/Loss for the Period	0	0	0	0		333,631
5.05	Allocations	0	0	0	0		0
5.05.01	Dividends	0	0	0	0		0
5.05.02	Interests on Shareholders' Equity	0	0	0	0		0
5.05.03	Other Allocations	0	0	0	0		0
5.06	Realization of Profit Reserves	0	0	0	0		0
5.07	Equity Adjustments	0	0	0	0		0
5.07.01	Marketable Securities Adjustments	0	0	0	0		0
5.07.02	Accumulated Conversion Adjustments	0	0	0	0		0
5.07.03	Adjustments from Business Combinations	0	0	0	0		0
5.08	Increase/Decrease in Capital Stock	0	0	0	0		0
5.09	Capital Reserves Constitution/Realization	0	0	0	0		0
5.10	Treasury Stock	0	0	0	0		0
5.11	Other Capital Stock Transactions	0	0	0	0		0
5.12	Others	0	0	(17,609)	0		17,609
5.13	Ending Balance	6,203,688	124,255	2,088,454	2,054,594		680,889

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05.02 - STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 01/01/2010 to 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL STOCK	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - PROFIT RESERVES	7 -RETAINED EARNINGS/LOSSES	8 -EQUITY ADJUSTMEN
5.01	Beginning Balance	6,203,688	124,255	2,145,100	2,054,594		0
5.02	Adjustments from Previous Years	0	0	0	0		0
5.03	Adjusted Balance	6,203,688	124,255	2,145,100	2,054,594		0
5.04	Profit/Loss for the Period	0	0	0	0		624,243
5.05	Allocations	0	0	0	0		0
5.05.01	Dividends	0	0	0	0		0
5.05.02	Interests on Shareholders' Equity	0	0	0	0		0
5.05.03	Other Allocations	0	0	0	0		0
5.06	Realization of Profit Reserves	0	0	0	0		0
5.07	Equity Adjustments	0	0	0	0		0
5.07.01	Marketable Securities Adjustments	0	0	0	0		0
5.07.02	Accumulated Conversion Adjustments	0	0	0	0		0
5.07.03	Adjustments from Business Combinations	0	0	0	0		0
5.08	Increase/Decrease in Capital Stock	0	0	0	0		0
5.09	Capital Reserves Constitution/Realization	0	0	0	0		0
5.10	Treasury Stock	0	0	0	0		0
5.11	Other Capital Stock Transactions	0	0	0	0		0
5.12	Others	0	0	(56,646)	0		56,646
5.13	Ending Balance	6,203,688	124,255	2,088,454	2,054,594		680,889

08.01 - CONSOLIDATED BALANCE SHEETS - ASSETS (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
1	Total assets	22,879,326	21,997,035
1.01	Current assets	3,139,112	2,622,932
1.01.01	Cash and cash equivalents	1,047,359	852,523
1.01.01.01	Cash & Cash Equivalents	1,047,358	852,521
1.01.01.02	Other cash and cash equivalents	1	2
1.01.02	Receivables	1,239,243	1,301,596
1.01.02.01	Trade accounts receivable	1,083,895	1,162,978
1.01.02.02	Sundry receivables	155,348	138,618
1.01.02.02.01	Balances & Transactions with Related Parties	155,348	138,618
1.01.03	Inventories	31,101	34,706
1.01.03.01	Storeroom supplies - operations	31,101	34,706
1.01.04	Other	821,409	434,107
1.01.04.01	Taxes Recoverable	4,773	5,219
1.01.04.02	Deferred Income Taxes & Social Contribution	263,369	250,951
1.01.04.03	Agreement with Sao Paulo City Hall	172,174	136,812
1.01.04.04	Cef - Debêntures	330,587	0
1.01.04.05	Other receivables	50,506	41,125
1.02	Noncurrent assets	19,740,214	19,374,103
1.02.01	Long-term assets	2,122,317	2,106,504
1.02.01.01	Sundry receivables	2,122,317	2,106,504
1.02.01.01.01	Trade accounts receivable	270,484	274,773
1.02.01.01.02	Balances & Transactions with Related Parties	934,208	945,423
1.02.01.01.03	Indemnities receivable	146,213	146,213
1.02.01.01.04	Escrow deposits	47,682	47,439
1.02.01.01.05	Deferred Income Tax & Social Contribution	620,858	591,286
1.02.01.01.06	Other receivables	102,872	101,370
1.02.01.02	Intercompany receivables	0	0
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	0	0
1.02.02	Permanent assets	17,617,897	17,267,599
1.02.02.01	Investments	720	720
1.02.02.01.01	In affiliated companies	0	0
1.02.02.01.02	In subsidiaries	0	0
1.02.02.01.03	Other investments	0	0
1.02.02.01.06	Shares in other companies	698	698
1.02.02.01.07	Compulsory deposits - Eletrobrás	22	22
1.02.02.02	Property, plant and equipment	15,972,770	15,685,606
1.02.02.02.01	Property, plant and equipment	11,674,984	11,707,557

1.02.02.02.02	Construction in progress	4,297,786	3,978,049
1.02.02.03	Intangible	1,644,407	1,581,273
1.02.02.04	Deferred charges	0	0

08.02 - CONSOLIDATED BALANCE SHEETS - LIABILITIES (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	4 - 06/30/2010	3 - 03/31/2010
2	Total liabilities and shareholders equity	22,879,326	21,997,035
2.01	Current liabilities	3,227,786	3,094,700
2.01.01	Loans and financing	646,294	656,451
2.01.02	Debentures	766,660	299,360
2.01.02.01	6 th issue of debentures	238,461	232,415
2.01.02.02	8 th issue of debentures	442,091	0
2.01.02.03	Interest on debentures	86,108	66,945
2.01.03	Trade accounts payable	175,933	168,704
2.01.04	Taxes payable	168,692	235,433
2.01.04.01	Income tax	42,464	87,205
2.01.04.02	Social contribution tax	15,671	30,529
2.01.04.03	PAES (tax debt refinancing program)	34,688	34,349
2.01.04.04	COFINS and PASEP (taxes on revenue)	39,885	48,733
2.01.04.05	INSS (Social security contribution)	23,768	22,616
2.01.04.06	Other	12,216	12,001
2.01.05	Dividends payable	0	0
2.01.06	Reserves	713,318	712,270
2.01.06.01	For Tax Contingencies	2,634	436
2.01.06.02	For Civil Contingencies	21,499	18,164
2.01.06.03	For Contingencies with Suppliers	195,169	191,704
2.01.06.04	For Contingencies with Customers	457,984	465,876
2.01.06.05	For Environmental Contingencies	21,813	18,210
2.01.06.06	For Labor Contingencies	14,219	17,880
2.01.07	Intercompany payables	0	0
2.01.08	Other	756,889	1,022,482
2.01.08.01	Payroll and related charges	241,570	235,034
2.01.08.02	Accounts Payable	213,639	193,270
2.01.08.03	Interest on capital payable	56	365,423
2.01.08.04	Deferred taxes	27,134	28,941
2.01.08.05	Refundable amounts	59,837	57,295
2.01.08.06	Program contract commitments	68,207	44,507
2.01.08.07	Other payables	146,446	98,012
2.02	Noncurrent liabilities	8,499,660	8,084,086
2.02.01	Long-term liabilities	8,499,660	8,084,086
2.02.01.01	Loans and financing	3,808,766	4,677,301
2.02.01.02	Debentures	2,210,690	932,760
2.02.01.02.01	8 th issue of debentures	0	429,932
2.02.01.02.02	9 th issue of debentures	228,355	226,552
2.02.01.02.03	10 th issue of debentures	277,435	276,276
2.02.01.02.04	11 th issue of debentures	1,204,925	0
2.02.01.02.05	12 th issue of debentures	499,975	0

1 - Code	2 - Description	4 - 06/30/2010	3 - 03/31/2010
2.02.01.03	Reserves	852,695	871,452
2.02.01.03.01	For Tax Contingencies	63,733	27,168
2.02.01.03.02	For Civil Contingencies	154,013	140,616
2.02.01.03.03	For Contingencies with Suppliers	168,279	161,691
2.02.01.03.04	For Contingencies with Customers	346,751	420,205
2.02.01.03.05	For Environmental Contingencies	24,121	34,056
2.02.01.03.06	For Labor Contingencies	95,798	87,716
2.02.01.04	Intercompany payables	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,627,509	1,602,573
2.02.01.06.01	Deferred taxes	162,600	157,655
2.02.01.06.02	PAES (tax debt refinancing program)	69,375	77,287
2.02.01.06.03	Social security charges	504,114	492,061
2.02.01.06.04	Indemnities	30,847	41,761
2.02.01.06.05	Program contract commitments	102,399	99,501
2.02.01.06.06	Provision for Actuarial Liability Law 4819/58	507,772	520,055
2.02.01.06.07	Private Public Partnership	144,192	104,751
2.02.01.06.08	Other payables	106,210	109,502
2.03	Deferred income	0	0
2.04	Interest of non-controlling shareholders	0	0
2.05	Shareholders' equity	11,151,880	10,818,249
2.05.01	Capital	6,203,688	6,203,688
2.05.02	Capital reserves	124,255	124,255
2.05.02.01	Support to projects	108,475	108,475
2.05.02.02	Incentive reserve	15,780	15,780
2.05.03	Revaluation reserves	2,088,454	2,106,063
2.05.03.01	Own assets	2,088,454	2,106,063
2.05.03.02	Subsidiaries/Affiliates	0	0
2.05.04	Profit reserves	2,054,594	2,054,594
2.05.04.01	Legal	378,526	378,526
2.05.04.02	Statutory	0	0
2.05.04.03	For contingencies	0	0
2.05.04.04	Unrealized profit	0	0
2.05.04.05	Profit retention	0	0
2.05.04.06	Special for unpaid dividends	0	0
2.05.04.07	Other profit reserves	1,676,068	1,676,068
2.05.04.07.01	Reserve for investments	1,676,068	1,676,068
2.05.05	Adjustments of Equity Evaluation	0	0
2.05.05.01	Adjustments of Marketable Securities	0	0
2.05.05.02	Accumulated Conversion Adjustments	0	0
2.05.05.03	Business Combination Adjustments	0	0
2.05.06	Retained earnings (accumulated deficit)	680,889	329,649
2.05.07	Advance for future capital increase	0	0

09.01 - CONSOLIDATED STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 -	4 -	6 -	
		04/01/2010	01/01/2010	5 -04/01/2009	01/01/2009
		to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
3.01	Gross revenue from sales and/or services	1,904,453	3,790,061	1,743,652	3,523,019
3.02	Gross revenue deductions	(134,665)	(268,270)	(120,029)	(246,030)
3.03	Net revenue from sales and/or services	1,769,788	3,521,791	1,623,623	3,276,989
3.04	Cost of sales and/or services	(781,247)	(1,503,752)	(830,083)	(1,665,272)
3.05	Gross profit	988,541	2,018,039	793,540	1,611,717
3.06	Operating (expenses) income	(497,047)	(1,055,288)	(150,760)	(569,162)
3.06.01	Selling	(255,450)	(413,925)	(187,307)	(395,823)
3.06.02	General and administrative	(106,936)	(259,523)	(101,048)	(248,908)
3.06.03	Financial	(138,587)	(376,362)	135,250	67,754
3.06.03.01	Financial income	95,994	159,349	56,517	113,026
3.06.03.01.01	Financial income	95,940	159,220	56,572	120,528
3.06.03.01.02	Exchange gains	54	129	(55)	(7,502)
3.06.03.02	Financial expenses	(234,581)	(535,711)	78,733	(45,272)
3.06.03.02.01	Financial expenses	(220,310)	(497,135)	(159,091)	(315,966)
3.06.03.02.02	Exchange losses	(14,271)	(38,576)	237,824	270,694
3.06.04	Other operating income	15,603	22,159	10,541	18,064
3.06.04.01	Other operating income	17,193	24,418	11,615	19,905
3.06.04.02	COFINS and PASEP (taxes on revenue)	(1,590)	(2,259)	(1,074)	(1,841)
3.06.05	Other operating expenses	(11,677)	(27,637)	(8,196)	(10,249)
3.06.05.01	Loss on write-off of property, plant and equipment items	(10,871)	(12,195)	(4,268)	(6,048)
3.06.05.02	Provision for Losses in Tax Incentives	0	0	(300)	(300)
3.06.05.03	Tax Incentives	(754)	(904)	(3,072)	(3,072)
3.06.05.04	Provision for Actuarial Liability Law 4819/58	0	(14,237)	0	0
3.06.05.05	Provision for Loss Law 4819/58	0	0	0	0
3.06.05.02	Other	(52)	(301)	(556)	(829)
3.06.06	Equity in subsidiaries	0	0	0	0
3.07	Income from operations	491,494	962,751	642,780	1,042,555

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1 - Code	2 - Description	3 -		6 -	
		04/01/2010	4 - 01/01/2010	5 -04/01/2009	01/01/2009
		to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
3.08	Nonoperating income (expenses)	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	491,494	962,751	642,780	1,042,555
3.10	Provision for income and social contribution taxes	(198,095)	(435,026)	(200,881)	(377,235)
3.10.01	Provision for income tax	(145,303)	(320,002)	(146,993)	(276,492)
3.10.02	Provision for social contribution tax	(52,792)	(115,024)	(53,888)	(100,743)
3.11	Deferred income tax	40,232	96,518	22,766	55,559
3.11.01	Deferred income tax	29,582	70,969	16,740	40,852
3.11.02	Deferred social contribution tax	10,650	25,549	6,026	14,707
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Non-controlling Shareholders Interest	0	0	0	0
3.15	Net income (loss)	333,631	624,243	464,665	720,879
	Number of shares, former treasury shares (thousand)	227,836	227,836	227,836	227,836
	EARNINGS PER SHARE (Reais)	1.46435	2.73988	2.03947	3.16403
	LOSS PER SHARE (Reais)				

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10.01 - CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 -	4 -	5 -	6 -
		04/01/2010	01/01/2010	04/01/2009	01/01/2009
		to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
4.01	Net Cash from Operating Activities	155,283	739,401	435,977	1,068,488
4.01.01	Cash Generated from Operations	1,010,315	2,039,560	930,373	1,878,798
4.01.01.01	Net Income before Income Tax and Social Contribution	491,494	962,751	642,780	1,042,555
4.01.01.02	Provision for Contingencies	36,721	213,132	106,720	154,788
4.01.01.03	Reversal of Provision for Losses	310	93	780	1,068
4.01.01.04	Social Security Obligations	16,040	32,181	19,150	38,187
4.01.01.05	Write-off of Fixed Assets	10,871	12,195	4,268	6,048
4.01.01.06	Depreciation and Amortization	150,961	294,809	161,483	323,176
4.01.01.07	Interests on Loans and Financings Payable	137,071	253,604	111,051	234,322
4.01.01.08	Monetary and Foreign Exchange Variation on Loans and Financings	37,007	87,253	(237,005)	(269,653)
4.01.01.09	Expenses with Interests and Monetary Variations	1,070	2,225	1,467	3,022
4.01.01.10	Income with Interests and Monetary Variations	(33,677)	(43,916)	(1,030)	(9,509)
4.01.01.11	Allowance for Doubtful Accounts	117,744	169,280	75,749	163,149
4.01.01.12	Provision for Term of Adjustment of Conduct (TAC)	9,153	9,153	(17,378)	129,186
4.01.01.13	Provision for Actuarial Liability Law 4819/58	0	14,237	0	0
4.01.01.15	Other Provisions/Reversals	75	(987)	107	228
4.01.01.16	Provision for PMSP Agreement	35,475	33,550	62,231	62,231
4.01.02	Variation to Assets and Liabilities	(412,881)	(559,632)	(144,472)	(205,749)
4.01.02.01	Accounts Receivable	(12,831)	(51,051)	6,685	(34,446)
4.01.02.02	Balances and Transactions with Related Parties	(2,572)	8,818	(5,382)	69,718
4.01.02.03	Inventories	3,295	8,683	2,303	7,465
4.01.02.04	Taxes Recoverable	446	(1,755)	3,356	1,469
4.01.02.05	Other Accounts Receivable	(376,341)	(413,306)	(25,199)	(18,084)
4.01.02.06	Judicial Deposits	(665)	(1,178)	(20,472)	(14,119)
4.01.02.07	Indemnifications Receivable	0	0	0	2,581
4.01.02.08	Contractors and Suppliers	1,152	(9,937)	(3,561)	(21,324)
4.01.02.09	Salaries, Provisions and Social Security Obligations	(2,617)	(6,735)	507	14,959
4.01.02.10	Provision for Actuarial Liability Law 4819/58	(12,283)	(24,492)	(12,605)	(31,966)

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1 - Code	2 - Description	3 -	4 -	5 -	6 -
		04/01/2010	01/01/2010	04/01/2009	01/01/2009
		to 06/30/2010	to 06/30/2010	to 06/30/2009	to 06/30/2009
4.01.02.11	Taxes and Contributions Payable	(22,198)	(51,231)	(28,523)	(63,251)
4.01.02.12	Accounts Payable	20,369	19,730	19,721	4,630
4.01.02.13	Other Obligations	40,662	76,165	53,957	54,345
4.01.02.14	Contingencies	(45,311)	(105,173)	(131,122)	(169,204)
4.01.02.15	Pension Plan - Sabesprev Transfer	(3,987)	(8,170)	(4,137)	(8,492)
4.01.03	Others	(442,151)	(740,527)	(349,924)	(604,561)
4.01.03.01	Interests paid	(191,913)	(284,613)	(174,793)	(280,451)
4.01.03.02	Income Tax and Contributions Paid	(250,238)	(455,914)	(175,131)	(324,110)
4.02	Net Cash from Investment Activities	(426,985)	(835,455)	(444,834)	(761,278)
4.02.01	Acquisition of Items of Fixed Assets	(404,572)	(808,299)	(433,235)	(745,446)
4.02.02	Increase in Intangibles	(22,413)	(27,156)	(13,869)	(18,102)
4.02.03	Proceeds from Sale of Fixed Assets	0	0	2,270	2,270
4.03	Net Cash from Financing Activities	466,538	372,405	(103,753)	(244,038)
4.03.01	Funding	1,872,185	2,025,282	666,544	844,737
4.03.02	Loan Amortizations	(1,040,280)	(1,287,491)	(484,966)	(803,444)
4.03.03	Payment of Interests on Shareholders' Equity	(365,367)	(365,386)	(285,331)	(285,331)
4.04	Foreign Exchange Variation on Cash & Cash Equivalents	0	0	0	0
4.05	Increase(Decrease) in Cash & Cash Equivalents	194,836	276,351	(112,610)	63,172
4.05.01	Beginning Balance of Cash & Cash Equivalents	852,523	771,008	801,514	625,732
4.05.02	Ending Balance of Cash & Cash Equivalents	1,047,359	1,047,359	688,904	688,904

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11.01 - STATEMENT OF CONSOLIDATED CHANGES TO SHAREHOLDERS EQUITY FROM 04/01/2010 to 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL STOCK	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - PROFIT RESERVES	7 - RETAINED EARNINGS/LOSSES	8 - EQUITY ADJUSTMEN
5.01	Beginning Balance	6,203,688	124,255	2,106,063	2,054,594	329,649	
5.02	Adjustments from Previous Years	0	0	0	0	0	0
5.03	Adjusted Balance	6,203,688	124,255	2,106,063	2,054,594	329,649	
5.04	Profit/Loss for the Period	0	0	0	0	333,631	
5.05	Allocations	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0
5.05.02	Interests on Shareholders' Equity	0	0	0	0	0	0
5.05.03	Other Allocations	0	0	0	0	0	0
5.06	Realization of Profit Reserves	0	0	0	0	0	0
5.07	Equity Adjustments	0	0	0	0	0	0
5.07.01	Marketable Securities Adjustments	0	0	0	0	0	0
5.07.02	Accumulated Conversion Adjustments	0	0	0	0	0	0
5.07.03	Adjustments from Business Combinations	0	0	0	0	0	0
5.08	Increase/Decrease in Capital Stock	0	0	0	0	0	0
5.09	Capital Reserves Constitution/Realization	0	0	0	0	0	0
5.10	Treasury Stock	0	0	0	0	0	0
5.11	Other Capital Stock Transactions	0	0	0	0	0	0
5.12	Others	0	0	(17,609)	0	17,609	
5.13	Ending Balance	6,203,688	124,255	2,088,454	2,054,594	680,889	

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11.02 - STATEMENT OF CONSOLIDATED CHANGES TO SHAREHOLDERS EQUITY FROM 01/01/2010 to 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL STOCK	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - PROFIT RESERVES	7 -RETAINED EARNINGS/LOSSES	8 -EQUITY ADJUSTMEN
5.01	Beginning Balance	6,203,688	124,255	2,145,100	2,054,594		0
5.02	Adjustments from Previous Years	0	0	0	0		0
5.03	Adjusted Balance	6,203,688	124,255	2,145,100	2,054,594		0
5.04	Profit/Loss for the Period	0	0	0	0		624,243
5.05	Allocations	0	0	0	0		0
5.05.01	Dividends	0	0	0	0		0
5.05.02	Interests on Shareholders' Equity	0	0	0	0		0
5.05.03	Other Allocations	0	0	0	0		0
5.06	Realization of Profit Reserves	0	0	0	0		0
5.07	Equity Adjustments	0	0	0	0		0
5.07.01	Marketable Securities Adjustments	0	0	0	0		0
5.07.02	Accumulated Conversion Adjustments	0	0	0	0		0
5.07.03	Adjustments from Business Combinations	0	0	0	0		0
5.08	Increase/Decrease in Capital Stock	0	0	0	0		0
5.09	Capital Reserves Constitution/Realization	0	0	0	0		0
5.10	Treasury Stock	0	0	0	0		0
5.11	Other Capital Stock Transactions	0	0	0	0		0
5.12	Others	0	0	(56,646)	0		56,646
5.13	Ending Balance	6,203,688	124,255	2,088,454	2,054,594		680,889

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

**PUBLIC FEDERAL SERVICE
CVM - SECURITIES EXCHANGE COMMISSION
ITR - QUARTERLY INFORMATION
COMMERCIAL, INDUSTRIAL AND OTHER
COMPANIES**

**Corporate Law
06/30/2010**

01444-3 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO 43.776.517/0001-80

06.01 - EXPLANATORY NOTES

Amounts in thousands of Brazilian reais - R\$, unless otherwise stated

1. OPERATIONS

Companhia de Saneamento Básico do Estado de São Paulo - Sabesp (the Sabesp or Company) is a mixed-capital company headquartered in São Paulo, controlled by the São Paulo State Government. The Company is engaged in the provision of basic and environmental sanitation services, as well as supplying treated water on a bulk basis and providing sewage treatment services for another six municipalities of the Greater São Paulo Metropolitan Area.

In addition to providing basic sanitation services in the State of São Paulo, SABESP may perform these activities in other states and countries, and can operate in drainage, urban cleaning, solid waste handling and energy markets. The new Sabesp vision sets forth as its objective to be recognized as the company that has universalized the Sanitation services in its area of operation, with focus on the customer, in a sustainable and competitive way, with excellence in environmental solutions.

The Company provides water and sewage services in 365 municipalities in the State of São Paulo. It should be highlighted noted that the operations of the municipalities of Itapira, Araçoiaba da Serra, Iperó and Cajobi have ceased temporarily due to judicial orders still in progress. On June 30, 2010, the assets referring to these four municipalities were R\$16,470. Nearly all of these assets are result of concessions granted by the municipalities which most of them

have a 30-year term. Up to June 30, 2010, 78 concessions were expired and all of them are being negotiated with the municipalities. Between 2010 and 2030, 65 concessions will expire. The remaining concessions are for undetermined period. Up to June 30, 2010 198 program contracts were signed.

Management expects that the referred concessions will be renewed or extended, thus there will not be a discontinuity of the water supply and sewage collection in these municipalities. On June 30, 2010 the net book value of the property, plant and equipment used in the 78 municipalities where the concessions are under negotiation totals R\$2,086 million and the net revenues for the period ended on June 30, 2010 totals R\$463 million.

In the municipality of Santos, in the Santista lowland region, which has a significant population, the Company operates supported by a public authorization deed. A similar situation occurs in other municipalities in that region as well as the Ribeira valley region. The Company started to operate after the merger of the companies that formed it.

The important changes in regulation of the sanitation sector occurred in 2007 and generated new challenges and opportunities for Sabesp. The regulatory milestone has consolidated the integration between the investments of the service provider and the priorities set forth by the holder of the services, it made the provision of accounts more effective and transparent and increased the security for investments.

The Company's shares have been listed on the Novo Mercado (New Market) segment of the BOVESPA (São Paulo Stock Exchange) since April 2002, and on the New York Stock Exchange (NYSE) as ADRs since May 2002.

All information about areas of concession, number of municipalities, water and sewage volume and other related data disclosed in this report, which does not arise from the accounting and/or financial statements, have not been examined by the independent auditors.

2. PRESENTATION OF THE QUARTERLY FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on August 5, 2010.

(i) Presentation of the Quarterly Information

The Quarterly Information has been prepared and presented consistently with the accounting standards adopted for the preparation of the financial statements of the fiscal year ended on December 31, 2009, as allowed by CVM Resolution 603/99.

On June 30, 2010, Management prepared an estimate of the possible effects on shareholders' equity and on the company's result for the year, in view of the main accounting statements, interpretations and directions that might impact the Company's financial statements. These are:

CPC 20 - Borrowing Costs, approved by CVM Resolution 577

CPC 21 - Interim financial reporting, approved by CVM Resolution 581

CPC 22 - Segment Information, approved by CVM Resolution 582

CPC 27 - Property, plant and equipment, approved by CVM Resolution 619

CPC 33 Employees Benefits, approved by CVM Resolution 600

CPC 37 First time adoption of International Financial Reporting Standards, approved by CVM Resolution 609

CPC 38 Financial Instruments: recognition and measurement, approved by CVM Resolution 604

CPC 39 Financial Instruments: presentation, approved by CVM Resolution 604

CPC 40 Financial Instruments: evidence, approved by CVM Resolution 604

- Interpretations:

ICPC 01 Service Concession Arrangements, approved by CVM Resolution 611

ICPC 08 Accounting for proposed dividends, approved by CVM Resolution 601

ICPC 11 Transfer of Assets from Customers, approved by CVM Resolution 620

Estimate of possible impacts in the application of the CPC's:

	Shareholders Equity	June 30, 2010 Result
Beginning Balances before the application of CPC's	11,151,880	624,243
Write-off of GESP receivables related to Law 4819/58	(696,283)	-
Supplement of Actuarial Obligation	(851,015)	(17,392)
Other Adjustments	164,321	37,086
Deferred Income Taxes	(683,385)	(7,358)
Ending Balance after the application of CPC's	9,085,518	636,579

Management refined the figures above and concluded a result of the studies regarding disclosures and other related matters. Management will restate the Quarterly Information ITR in accordance with CVM Resolution 603/09. At present this point, Management do not consider practicable the presentation of this Quarterly Information ITR in accordance with new CPC's.

(ii) Consolidated Financial Statements

The consolidated financial statements include the financial statements of Sabesp and its subsidiary Sesamm, which has been included in proportion to the Company's equity interest. The Company maintains the joint shareholder control of the subsidiary, as detailed in Note 7. Fiscal year ends and accounting practices are aligned with the contracting company.

Although Sabesp's equity interest in Sesamm capital stock is not majority interest, the shareholders' agreement provides for the vetoing power on certain management matters together with OHL Meio Ambiente, Inima S.A.U. Unipersonal (Inima) indicating shared control on Sesamm. In light of this, the Financial Statements have been presented on a consolidated basis.

The consolidation process of the balance sheet and income statement accounts adds up the balances of the assets, liabilities, revenues and expenses according to their nature, complemented by the elimination of the equity interest of the holding company in the capital stock and retained earnings of the subsidiary.

3. CASH & CASH EQUIVALENTS

	HOLDING		CONSOLIDATED	
	<u>Jun/10</u>	<u>Mar/10</u>	<u>Jun/10</u>	<u>Mar/10</u>
Cash and Bank	70,405	64,691	70,455	64,757
Cash Equivalents	<u>976,435</u>	<u>786,873</u>	<u>976,904</u>	<u>787,766</u>
	<u>1,046,840</u>	<u>851,564</u>	<u>1,047,359</u>	<u>852,523</u>

4. ACCOUNTS RECEIVABLE FROM CUSTOMERS

(a) Balances

	HOLDING AND CONSOLIDATED	
	Jun/10	Mar/10
Private sector		
General and special customers (i) (ii)	774,393	803,589
Agreements (iii)	261,673	265,585
	1,036,066	1,069,174
Government entities		
Municipal	564,260	552,913
Federal	3,097	3,764
Agreements (iii)	151,914	150,456
	719,271	707,133
Bulk sales - Municipal Administration Offices (iv)		
- Guarulhos	439,867	418,920
- Mauá	203,419	196,722
- Mogi das Cruzes	14,204	13,958
- Santo André	457,497	442,655
- São Caetano do Sul	3,623	3,477
- Diadema	140,765	136,944
Wholesale total - Municipal City Halls	1,259,375	1,212,676
Unbilled supply	338,976	347,196
Subtotal	3,353,688	3,336,179
Allowance for doubtful accounts	(1,999,309)	(1,898,428)
Total	1,354,379	1,437,751
Current	1,083,895	1,162,978
Non-current (v)	270,484	274,773

(i) General customers - residential and small and medium-sized companies.

(ii) Special customers - large consumers, commercial, industries, condominiums and special billing consumers (industrial waste, wells, etc.).

(iii) Agreements - installment payments of past-due receivables, plus monetary adjustment and interest.

(iv) Whosale - municipal city halls - The balance of accounts receivable from wholesalers refers to the sale of treated water to the municipalities which are responsible for the distribution, billing and collection from the end consumers, some of these municipalities question judicially the tariffs charged by Sabesp and do not pay the amounts under litigation. The past due amounts that are included in the allowance for doubtful accounts are substantially classified in non-current assets, according to the following table:

	HOLDING AND CONSOLIDATED	
	2nd Qtr./10	1st Qtr./10
Balance at beginning of period	1,212,676	1,182,744
Billing for services provided	87,802	86,800
Collections - current year s services	(41,103)	(47,905)
Collections - previous year s services	-	(8,963)
Balance at the end of the period	1,259,375	1,212,676
Current	72,946	60,709
Non-current	1,186,429	1,151,967

(v) The non-current portion consists of past-due and renegotiated balances with customers and past-due receivables related to the wholesale of water to municipal authorities and is recorded net of allowance for doubtful accounts.

(b) The aging of trade accounts receivable is as follows:

	HOLDING AND CONSOLIDATED	
	<u>Jun/10</u>	<u>Mar/10</u>
Current	958,807	1,010,570
Past-due:		
Up to 30 days	147,720	149,323
From 31 to 60 days	72,162	68,813
From 61 to 90 days	44,708	51,581
From 91 to 120 days	39,717	39,442
From 121 to 180 days	82,629	72,993
From 181 to 360 days	119,711	102,873
Over 360 days	<u>1,888,234</u>	<u>1,840,584</u>
Total	<u>3,353,688</u>	<u>3,336,179</u>

(c) Allowance for doubtful accounts

(i) The activity of the provision can be presented as follows:

HOLDING AND CONSOLIDATED HOLDING	
<u>2nd Qtr /10</u>	<u>2nd Qtr /09</u>

Beginning balance	1,898,428	1,710,833
Private sector / government entities		61,080
Bulk sales		<u>39,801</u>
		22,891
		<u>35,634</u>
Additions for the period	<u>100,881</u>	<u>58,525</u>
Ending balance		<u>1,999,309</u>
		<u>1,769,358</u>
Current		930,280
Non-current		1,069,029
		833,255
		936,103

(ii) In the Result

Probable bad debt of R\$ 117,744 (2009 R\$ 75,749) for the second quarter of 2010 has been recorded against income for the period, under Selling Expenses .

	HOLDING AND CONSOLIDATED			
	<u>2nd Qtr /10</u>	<u>1st Qtr /10</u>	<u>2nd Qtr /09</u>	<u>1st Qtr /09</u>
Provisions (over 5,000 Brazilian reais)	(153,523)	(207,969)	(113,224)	(218,324)
Recoveries (over 5,000 Brazilian reais)	52,642	62,891	54,699	82,255
Write-offs (lower or equal to 5,000 Brazilian reais)	(40,796)	(76,949)	(42,110)	(80,447)
Recoveries (lower or equal to 5,000 Brazilian reais)	<u>23,933</u>	<u>52,747</u>	<u>24,886</u>	<u>53,367</u>
Expenses	<u>(117,744)</u>	<u>(169,280)</u>	<u>(75,749)</u>	<u>(163,149)</u>

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company is party to transactions with its controlling shareholder, São Paulo State Government (Gesp), and companies related to it.

(a) Accounts receivable, interest on capital and operating revenue with the São Paulo State Government

	HOLDING AND CONSOLIDATED	
	<u>Jun/10</u>	<u>Mar/09</u>
Intercompany receivables		
Current assets:		
Water and sewage services (i)	112,469	95,430
Gesp Agreement (iii), (iv) and (v)	24,437	25,378
Provision for Losses (v)	(12,389)	(12,389)
Reimbursement of additional retirement and pension benefits - Agreement (ii) and (vi)	25,494	25,494
Reimbursement of additional retirement and pension benefits paid - Monthly flow (ii) and (vi)	<u>5,337</u>	<u>4,705</u>
Total current assets	<u>155,348</u>	<u>138,618</u>
Long-term assets:		
Water and sewage services - Gesp Agreement (iii), (iv) and (v)	63,720	68,562

Treasury Shares

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Reimbursement of additional retirement and pension benefits paid - Controversial (ii) and (vi)	496,084	483,800
Provision for Losses - Controversial (vii)	(496,084)	(483,800)
Reimbursement of additional retirement and pension benefits - Agreement (ii) and (vi)	174,205	180,578
Reimbursement of additional retirement and pension benefits - Reservoir (ii) and (vi)	<u>696,283</u>	<u>696,283</u>
Total Non-current	<u>934,208</u>	<u>945,423</u>
Total receivable from shareholder	<u>1,089,556</u>	<u>1,084,041</u>
Provision of water and sewage services	188,237	176,981
Reimbursement of additional retirement and pension benefits	<u>901,319</u>	<u>907,060</u>
	<u>1,089,556</u>	<u>1,084,041</u>
Interest on capital payable	_____ -	<u>198,099</u>

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Gross revenue from sales and services		
	<u>2nd Qtr/10</u>	<u>2nd Qtr/09</u>
Water sales	52,062	49,794
Sewage services	44,934	42,465
Receipts	(88,444)	(45,509)
Financial Income	28,517	47,308

(i) Water and sewage services

The Company provides water supply and sewage collection services to the State Government and other Companies related to it, under terms and conditions considered by Management as normal in the market, with the exception as to the form of settlement of the trade receivables, that may be settled under the conditions mentioned in items (iii), (iv) and (v).

(ii) Reimbursement of additional retirement and pension benefits paid

It refers to amounts of supplemental benefits of retirement and pension plan provided by State of Sao Paulo s Law nr. 4819/58 (Benefits) paid by the Company to former employees or retirees.

(iii) Second Amendment to the Gesp Agreement

On December 28, 2007, the Company and the State of São Paulo, by means of the Secretary of Treasury signed the second amendment to the terms of the original Gesp agreement, (1) agreeing with the payment of the remaining balance of the First Amendment, (R\$133,709 as at November 30, 2007) to be paid in 60 equal, monthly and consecutive installments, the first one maturing on January 02, 2008. The value of the installments is monetarily adjusted according to the variation of the IPCA-IBGE, added by simple interests of 0.5% per month. Within the balance of this agreement, which installments have been paid monthly up to this point, there is an amount of R\$46,244 that the State does not recognize as due. Sabesp has an understanding different from the State regarding this amount, and is not admitting the review of these previously agreed upon values, without the substantiated unequivocal demonstration, of the lack of correspondence between the amounts presented by Sabesp and the services effectively provided. (2) with regards to the overdue and unpaid accounts in the period from March, 2004 to October, 2007, resulting from the provision of water and collection of sewage services in the total of R\$256,608, R\$236,126 have been received with R\$8,093 were transferred to Other Debtors and R\$12,389, object of discrepancies about the validation were submitted to ARSESP and are under analysis. At present, differences as to the debtor have been identified, although not regarding the amount of the debt. In case of reclassification of the person responsible for

paying the bill, Sabesp transferred the collection to the corresponding Entity. (3) the interests on shareholders' equity due by Sabesp to the State, referring to the period from March, 2004 to December,

2006, in the amount of R\$400,823, restated from June, 2007 to November, 2007 by the Selic rate, were paid in the period from January to March, 2008, (4) the State and Sabesp agreed upon the prompt resumption of the fulfillment of their reciprocal obligations, under the new premises: (a) implementation of the electronic accounts management system to facilitate and speed up the follow-up of the payment processes and the procures of budgeting management; (b) structuring of the Programa de Uso Racional de Agua - PURA, to rationalize the consumption of water and the amount of the water and sewage bills of the responsibility of the State; (c) the establishment, by the State, of criteria in the budgeting of a way to avoid the displacement of amounts in the specific line of water and sewage bills as of 2008; (d) possibility of registration of state entities and bodies in a default system or master file; (e) possibility of interruption of the supply of water to the state entities in case of default in the payment of water and sewage bills.

Out of the invoicing of the months of November, 2007 to March, 2010, approximately 95% of the accounts have already been paid by the State Government.

(iv) Third Amendment to Gesp Agreement

Gesp, Sabesp and DAEE, on November 17, 2008, entered into the Third Amendment to the Term of Agreement of Payment Commitment, and Other Agreements, where the State confesses to owe Sabesp the amount of R\$915,251, monetarily adjusted until September, 2008 by the IPCA-IBGE, corresponding to the Uncontroversial Amount, calculated by FIPECAFI. Sabesp accepts temporarily the Reservoirs as part of the payment of the Uncontroversial Amount and offers to the State a temporary settlement, constituting a financial credit of R\$696,283, corresponding to the value of the Reservoirs. The definitive settlement will only occur with the effective transfer of property in the relevant real estate notary. The remaining balance of R\$218,967 is being paid in 114 monthly and consecutive installments, in the amount of R\$1,920 each, restated annually by the IPCA/FIPE, added by interests of 0.5% p.m., the first installment became due on November 25, 2008.

Sabesp and the State are working together on obtaining a legislative authorization in order to make viable the transfer of the Reservoirs to Sabesp, thus overcoming the juridical uncertainty caused by the Public Civil Action, mentioned in item (iii). After publication of the legislative authorization, the transfer of the Reservoirs to Sabesp will occur.

The Third Amendment also provides for the regularization of the monthly flow of benefits. While Sabesp is responsible for the monthly payments, by judicial decision, the State reimburses the Company based on criteria identical to those applied to the Uncontroversial Amount. In the absence of an impeditive judicial decision, the State will directly assume the flow of the portion of monthly payments of the part considered uncontroversial.

(v) As mentioned before, on November 17, 2008 the Company and the State executed the 3rd Amendment to GESP Agreement, in such occasion that the amounts called controversial and uncontroversial have been quantified. In such Amendment, efforts have been made to resolve what was called the Controversial Amount of Benefits. According to the fourth clause of this instrument, the Controversial Amount is represented by the difference between the Uncontroversial Amount and the amount effectively paid by the Company as supplemental retirement and pension benefits provided for Law 4819/58, under the original responsibility of the State of Sao Paulo, in the Company's understanding, although paid by Sabesp until May, 2008, due to judicial order.

In executing the Third Amendment, an appreciation of the differences that gave rise to the Controversial Amount of the Benefits provided by Law 4819/58 has been provided. Such expectation was, at that time,

based on the PGE's will to reanalyze the matter and also, in the Company's understanding, to the reimbursement based on external legal opinions.

However, recent opinions issued by PGE and received on September 4th and 22nd, 2009 and on January 4th, 2010, once again denied the reimbursement of the larger portion of this amount. As a consequence, the management's understanding has been changed about receiving the Controversial Amount upon a direct negotiation with the State.

Although the negotiations with the State are still underway, it is no longer possible to ensure that the Company will recover, in an entirely amicable way, the debts related to the Controversial Amount.

Sabesp will not waive the debt that it considers to be legitimately held against the State. In this sense, it shall exhaust all possibilities to resolve the question at a technical and legal level. If the difference persists, the Company shall adopt all necessary measures to safeguard the Company's interests.

In this context, the Company's management decided to recognize in the 2008 results a provision for losses on the outstanding balance of the controversial amount. This provision, in June 30, 2010 was R\$496,084. As a consequence of the recognition of this provision, it was also recorded the obligation related to the actuarial commitment kept with the beneficial owners, which right has been denied by the State, under the way it is paid by Sabesp. On June 30, 2010, the amount of this obligation was R\$507,772 (March 31, 2010 - R\$520,055). The details of the actuarial obligation are presented in the explanatory note nr. 13.

(b) Cash and cash equivalents

The Company's bank short-term investments accounts with financial institutions controlled by the State Government was R\$1,009,639 and R\$813,594 on June 30, 2010 and March 31, 2010, respectively. The financial income from such investments was R\$28,517 and R\$47,308 in the first quarter of 2010 and 2009, respectively. The Company, due to State Decree n° 55,357 of January 18, 2010, must invest its excess resources with financial institutions controlled by the State Government.

(c) Agreement for the use of reservoirs

In its operations, the Company uses the Guarapiranga and Billings reservoirs; should these reservoirs not be available for use to the Company, there could be the need to collect water in more distant places. The Company does not pay any fee for the use of these reservoirs but it is responsible for their maintenance and operating costs.

(d) Agreements with lower tariffs with State and Municipal Government Entities that joined the Rational Water Use Program (PURA).

The Company has contracts signed with public entities linked to the State Government and to the municipalities served involving approximately 6.500 properties, which are benefited with a 25% reduction in the tariffs of the services of water supply and sewage collection, when not in default. The contracts provide for the implementation of the rational use of water program, which considers a reduction in the consumption of water.

(e) Guarantees

The State Government grants guarantees for some loans and financings of the Company and does not charge any fee related thereto.

(f) Sesamm

On August 15, 2008, the Company, as part of its growing process, together with the companies OHL Médio Ambiente, Inima S.A.U. - Unipersonal (Inima), Técnicas y Gestion Medioambiental S.A.U. (TGM) and Estudos Tecnicos e Projetos ETEP Ltda. (ETEP) organized the company Sesamm - Serviços de Saneamento de Mogi Mirim S/A (Sesamm or Subsidiary) which corporate objective is the provision of sewage separation system supplementary services to the implementation and implementation and operation of the sewage treatment system of the Municipality of Mogi Mirim, including the disposal of solid waste generated, as per note 7.

(g) Contract of personnel assignment among entities related to GESP

The Company has contracts of personnel assignments with entities related to the São Paulo's State Government, where the expenditures are fully passed on the monetarily reimbursed.

On June 30, 2010, the expenditures with employees transferred by Sabesp to other state entities amounted to R\$1,485 (June 30, 2009 - R\$1,294).

In the same period, the expenditures with the employees of other entities at Sabesp's disposal totaled R\$70 (June 30, 2009 - R\$78).

(h) Services contracted from entities related to GESP

On June 30, 2010 Sabesp had outstanding the balance of R\$11,535 payable in relation to services provided to entities related to São Paulo's State Government, among which we highlight the services of electric energy supply by

Companhia Energetica de Sao Paulo - CESP, totaling 83% of the balance payable.

(i) Non-operating Assets

The Company had, on June 30 and March 31, 2010, the amount of R\$25,371 and R\$26,411, respectively, mainly related to land granted in free lease [*comodato*] to Associations, Assistance Entities, Non-Governmental Organizations and to the DAEE - Department of Water and Electric Energy, among others. The land granted to the DAEE amount to R\$2,289.

(j) Sabesprev

The Company sponsors the defined contribution plan managed by Fundação Sabesp de Seguridade Social - Sabesprev. The net actuarial obligation, recorded up to June 30, 2010, is R\$504,114 (March 31, 2010 - R\$492,061).

Management is making efforts towards maintaining, in permanent basis, the timely payment by the State regarding the transactions between the parties.

6. INDEMNIFICATIONS RECEIVABLE

Indemnities receivable are a non-current asset that represents amounts receivable from the Municipalities of Diadema and Mauá as an indemnity for their unilateral termination of the concessions for water supply and sewage collection services of the Company in 1995. As of June 30, 2010 and March 31, 2010, this asset amounted to R\$146,213 (nominal amounts).

Due to these concession agreements, the Company invested in the construction of water and sewage systems in those municipalities in order to meet its concession service commitments. For the unilateral termination of the Diadema and Mauá concessions, the municipalities assumed the responsibility of supplying water and sewage services in those regions. At that time, the Company reclassified the balances of property, plant and equipment related to the assets used in those municipalities to non-current assets (indemnities receivable).

The net book value of the items of property, plant and equipment related to the Municipality of Diadema, reclassified in December, 1996, was R\$75,231, and the balance of the indemnifications receivable from the Municipality was R\$60,295.

The net book value of the items of property, plant and equipment related to the Municipality of Maua, reclassified in December, 1999, was R\$103,763, and the balance of the indemnifications receivable from the Municipality was R\$85,918.

The Company's rights to the recovery of these amounts are being judicially discussed by the municipalities.

Sabesp filed lawsuits to collect the amounts due by the municipalities. With regards to Diadema, the execution of the agreement entered with Diadema's Mayor Office and the Companhia de Saneamento de Diadema - Saned, has started for the payment of the indemnification, the judge of first level accepted the appeals of the Mayor's Office and extinguished the execution. Sabesp filed an appeal against such sentence and, in December, 2005, partial approval to this appeal was granted to declare the validity of the agreement and determine that the appeals to the execution were once again judged in first level. On December 2007, the decision that accepted the execution of the Saned was rendered, ordering this company to be summoned to pay the full amount of the debt within 15 days under the penalty of fine. The realization of the pledge in cash was approved on Saned's bank accounts and financial investments (online pledge) up to 10% of the restated amount of the debit, being blocked and withdrawn the amount of R\$2,919 in March 3rd, 2009. Later, the Court of Justice determined that the pledge be made upon weekly deposit by Saned of the amount corresponding to 20% on all it receives in its bank accounts and financial investments, such decision still being subject of appeal. Regarding Diadema Mayor's Office, a new sentence was given to the appeals to the execution, on October, 2009, recognizing the existence of the right to claim the debt, and affirming that the execution against the Municipality shall be made upon precatory notes (and not by pledge). Sabesp and the Mayor's Office have appealed against such judgment.

On December 29, 2008, Saned and the municipality of Diadema entered into, with the State of Sao Paulo and Sabesp, a Memorandum of Intent with the purpose to prepare studies and conduct negotiations to instruct decisions of Diadema and Sabesp, aiming at the exclusive provision of water and sewage services in the municipality of Diadema.

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The parties agreed that the search for a negotiated solution for the currently existing conflicts among the companies is fundamental so that the public service of water supply, sewage collection and treatment have their proper development in Diadema.

On January, 2009 the parties presented joint petition requesting the suspension of new pledges for the period of three months in order to try to make an agreement viable. The suspension was granted by the Judge of Public Treasury and, successively renewed, being the last renewal occurred on April, 2010 in face of negotiations for agreement.

With regards to Mauá, a first level decision was given determining that the Municipality pays the amount of R\$153.2 million as compensation for the damages caused and for loss of profits. The Maua s City Hall appealed against this decision. On July 2006, the decision was converted in diligence consisting of an expert clarification on the amount of the indemnity for loss of profits and the expert confirmed the amount of the loss of profits determined by the lower court. In August, 2008, the appeal was judged, having fully maintained the conviction imposed in the first level. The Maua Mayor s Office filed special and extraordinary appeals against the sentence that confirmed its conviction to indemnify Sabesp. Both appeals were not accepted by the Court of Justice, causing the filing of appeals to the Superior Court of Justice and to the Supreme Court. Superior Court of Justice has already denied acceptance to the appeal and confirmed the non admissibility of the special appeal.

Based on the opinion of the legal counsels, Management continues to affirm that the Company has legal right to receive the amounts corresponding the indemnification and it continues to monitor the situation of the lawsuits.

7. INVESTMENTS

	<u>Mar/10</u>	Equity Result	<u>Jun/10</u>
Sesamm	3,497	(107)	3,390
Others	<u>720</u>	<u>-</u>	<u>720</u>
Total	4,217	(107)	4,110

On August 15, 2008 the company Sesamm - Serviços de Saneamento de Mogi Mirim S/A was formed with a duration term of 30 years counted from the date of signature of the Concession Contract with the municipality. Sesamm s corporate objective is the provision of sewage separation system supplementary services to the implementation and implementation and operation of the sewage treatment system of the Municipality of Mogi Mirim, including the disposal of the solid waste generated.

On June 30, 2010 the Sesamm's capital stock was R\$10,669, divided into 10,669,549 common nominated shares, with no par value, of which Sabesp holds 36% of equity interest.

On June 30, 2010 the Sesamm's operations had not still been initiated.

8. PROPERTY, PLANT & EQUIPMENT

	HOLDING			
	Cost	<u>June/10</u> Accumulated depreciation	Net	<u>Mar/10</u> Net
In use				
Water systems				
Land	954,512-		954,512	954,857
Buildings	2,700,122	(1,709,210)	990,912	1,006,498
Connections	1,035,759	(443,872)	591,887	581,482
Water meters	304,536	(149,633)	154,903	156,754
Networks	3,499,694	(1,293,979)	2,205,715	2,223,013
Wells	184,245	(114,258)	69,987	71,860
Equipment	583,949	(416,082)	167,867	172,005
Others	<u>18,310</u>	<u>(14,921)</u>	<u>3,389</u>	<u>3,575</u>
	9,281,127	(4,141,955)	5,139,172	5,170,044
Sewage systems				
Land	346,382	-	346,382	346,382
Buildings	1,688,027	(742,112)	945,915	925,604
Connections	952,824	(441,761)	511,063	512,260
Networks	5,775,638	(1,535,755)	4,239,883	4,251,088
Equipment	631,364	(477,909)	153,455	156,722
Others	<u>2,624</u>	<u>(2,133)</u>	<u>491</u>	<u>543</u>
	9,396,859	(3,199,670)	6,197,189	6,192,599
General use				
Land	91,452	-	91,452	91,093
Buildings	135,872	(86,933)	48,939	49,443
Transportation equipment	139,178	(118,045)	21,133	21,546
Information Technology Equipment	124,845	(90,258)	34,587	33,556
Furniture, Fixture and Equipment	255,996	(141,783)	114,213	120,215
Lands granted in free lease	20,488	-20,488	20,488	
Items granted in free lease	<u>6,816</u>	<u>(1,933)</u>	<u>4,883</u>	<u>5,922</u>
	<u>774,647</u>	<u>(438,952)</u>	<u>335,695</u>	<u>342,263</u>
Subtotal in operation	19,452,633	(7,780,577)	11,672,056	11,704,906
Work in progress:				
Water systems	1,782,600-		1,782,600	1,642,695
Sewage systems	2,502,299	-	2,502,299	2,323,941
Others	<u>12,873</u>	=	<u>12,873</u>	<u>11,399</u>
Subtotal in progress (d)	4,297,772-		4,297,772	3,978,035
Grand Total	<u>23,750,405</u>	<u>(7,780,577)</u>	<u>15,969,828</u>	<u>15,682,941</u>

The consolidated balance totals the amount of R\$15,972,770, being the difference of R\$2,928 referring to the sewage projects and R\$14 represented mainly by furniture and fixture and equipment.

The operating fixed assets represent the assets involved in the providing of water supply and sewage collection services. Under the assets originated from contracts negotiated based on financial and economic appraisals, Sabesp holds the possession and management.

The concession contracts provide that the assets will be reversed to the conceding power at the end of the period, upon indemnification by the net market value as set forth in each contract. In the program contracts, the indemnification will correspond to the net present value of the cash flow in the remaining period at the date of resume of the services, monetarily restated and added by interests until the date of effective payment.

(a) Depreciation

Depreciation is calculated at the following rates:

Structure - 2%, connections - 2%, hydrometers - 10%, networks - 2%, wells - 5%, equipment - 5%, transportation equipment - 10%, information technology equipment - 20%, furniture and fixture - 6.7%.

(b) Write-off of Property, Plant and Equipment

The Company wrote-off, in the second quarter of 2010 and first semester of 2010, items of property, plant and equipment, in the amount of R\$10,871 and R\$12,195, respectively (2009 - R\$6,538 and R\$8,319), resulting in a total loss in the amount of R\$4,268 and R\$6,048, respectively). R\$10,039 and R\$11,363 related to the items in operation group, due to obsolescence, thefts and disposals and R\$832 referring to discontinued works, unproductive wells, and economically unprofitable projects.

(c) Work in Progress

The provision for disbursements from the third quarter of 2010 until 2015, referring to investments already contracted, is approximately R\$4,193 million (not audited).

(d) Expropriations

As a result of the execution of priority works related to the water and sewage systems there was the need to expropriate properties from third parties those owners shall be reimbursed by amicable or judicial means.

The forecast for disbursements to be made after the third quarter, 2010, is approximately R\$537 million (not audited), which shall be covered by own resources. The assets object of these lawsuits shall be recorded in the fixed assets when the operation is carried out. In the second quarter of 2010, the amount referring to the expropriations was R\$1,201 (in the second quarter of 2009 - R\$2,117).

(e) Assets given in Guarantee

On June 30, 2010 and March 31, 2010 the Company held assets with a value of R\$249,034 given in guarantee to Request of Special Payment in Installment - Paes (Note 12).

(f) Non-operating Assets

The Company had, on June 30, 2010 and March 31, 2010 the amount of R\$25,371 and R\$26,411 respectively, related mainly to lands granted in free lease to the Associations, Assistance Entities, Non-Governmental Organizations and to the DAEE - Departamento de Aguas e Energia Eletrica, among others.

(g) Revaluation

Property, plant and equipment items were revaluated in 1990 and 1991 and have been depreciated at annual rates which take into consideration the estimated remaining economic useful lives.

As permitted by CVM Instruction 197/93, the Company did not record a provision for the tax effects (deferred taxes) on the surplus of the revaluation of property, plant and equipment carried out in 1990 and 1991. Had the income tax and social contribution on the revaluation reserve been accounted for, the unrealized amount at June 30, 2010 would be R\$321,641 (R\$356,354 up to June 30, 2009). The amounts of R\$56,646 and R\$45,688 from the revaluation reserve were realized in the periods ended on June 30, 2010 and June 30, 2009, respectively.

The Company elected to keep the Revaluation Reserve recorded until its respective realization.

(h) Assets totally depreciated in operation

On June 30, 2010 and March 31, 2010 the gross book value of the totally depreciated assets that are still in use is R\$957,902 and R\$930,475, respectively.

(i) PPP Public Private Partnership

Sabesp and CSB Sistema Produtor Alto Tiete S/A, special purpose company organized by the companies Galvão Engenharia S.A. and Companhia Aguas dop Brasil CAB Ambiental, executed in June, 2008 the Public Private Partnership contracts of the Sistema Produtor Alto Tiete.

The service contract represents a 15-year commitment, during which the works of capacity increase of the Taiaçupeba Water Treatment Station, the construction of large-sized aqueducts and four reservoirs that will have the capacity to store 70 million litres, are provided. In addition to the works, it shall be the company's responsibility to provide maintenance services to the dams; inspection and maintenance of tunnels and channels; civil and electro-mechanic maintenance in units that integrate the Alto Tiete System; the treatment and final disposal of the mud generated in the production of treated water and other services.

The initiative will make investments viable for the realization of a set of works and services that will enhance the offer of water from 10 to 15 thousand litres per second, thus ensuring the regularity of the supply across the region.

On June 30, 2010 the book amount recorded in the Company's fixed assets related to the PPP still under construction is R\$206,010 (Mar/2010 R\$166,569).

In the period from January to June, 2010 it was paid to CAB the amount of R\$25,688, being R\$20,115 recorded as expenses and R\$5,573 as amortization of expenditures related to the construction.

9. INTANGIBLE

	<u>HOLDING AND CONSOLIDATED</u>	
	<u>June/10</u>	<u>Mar/10</u>
Concessions (i)	496,745	501,449
Program contracts (commitments) (ii)	306,534	261,710
License of Use (Software s) (iii)	6,119	8,056
Program Contracts - investments performed (iv)	833,354	809,097
New Businesses (v)	<u>1,655</u>	<u>961</u>
Total	1,644,407	1,581,273

(i) Concessions

In the period between 1999 and 2006, the negotiations for new concessions were conducted on the basis of the economic and financial results of the transaction, determined in an appraisal report issued by independent experts.

The amount determined in the respective contract, after the transaction is closed with the municipal authorities, with payment through Company shares in cash, is recorded in this account and amortized over the period of the related concession (normally 30 years). As of June 30, 2010 and March 31, 2010 there were no amounts pending related to these payments to the municipalities.

The net amount shown relates to concessions with the following municipalities:

	HOLDING AND CONSOLIDATED			
		Jun/10		Mar/10
	Cost	Accumulated amortization	Net	Net
Agudos	10,163	(3,062)	7,101	7,198
Bom Sucesso do Itararé	926	(121)	805	817
Campo Limpo Paulista	21,133	(5,078)	16,055	16,200
Conchas	4,233	(970)	3,263	3,236
Duartina	2,046	(531)	1,515	1,536
Estância de Serra Negra	15,698	(3,403)	12,295	12,436
Itapira	16,360	(1,330)	15,030	15,030
Itararé	6,538	(2,202)	4,336	4,396
Marabá Paulista	1,896	(317)	1,579	1,602

Miguelópolis	11,721	(2,242)	9,479	9,607
Osasco	296,815	(94,898)	201,917	204,468
Paraguaçu Paulista	26,646	(6,206)	20,440	19,985
Paulistânia	222	(51)	171	173
Sandovalina	2,567	(399)	2,168	2,193
Santa Maria da Serra	1,267	(384)	883	826
São Bernardo do Campo	237,464	(50,915)	186,549	188,538
Várzea Paulista	<u>17,948</u>	<u>(4,789)</u>	<u>13,159</u>	<u>13,208</u>
Total	<u>673,643</u>	<u>(176,898)</u>	<u>496,745</u>	<u>501,449</u>

The amortization of intangible assets is performed during the effective period of the concession agreements of the related municipalities.

In the second quarter of 2010 and 2009, amortization expenses relating to concession intangible rights were R\$5,882 and R\$5,776, respectively.

(ii) Program Contracts (commitments)

Since the regulatory changes, the renewals have occurred by means of program contracts. In some of them the Company assumed commitments to financially participate in social environmental sanitation actions.

These commitments were recorded as offset to intangible assets in the amount of R\$323,765 (Mar/10 - R\$276,373) deducted from the adjustment to present value of R\$91,003 at an interest rate of 6% plus IPCA.

These assets are being amortized over the duration of the program contract (in their majority on 30 years).

The committed amounts are related to the following municipalities:

<u>Municipality</u>	HOLDING AND CONSOLIDATED			
	<u>Cost</u>	<u>Jun/10</u> Accumulated <u>amortization</u>	<u>Net</u>	<u>Mar/10</u> <u>Net</u>
Alfredo Marcondes	70	(6)	64	65
Aparecida D Oeste	45	(3)	42	42
Auriflama	110	(2)	108	109
Avaré	5,000	(333)	4,667	4,708
Bento de Abreu	50	(4)	46	46
Bocaina	800	(67)	733	740
Botucatu	28,979	(161)	28,818	-
Caçapava	9,000	(600)	8,400	8,475
Cajuru	2,236	(12)	2,224	-

Campos do Jordão	3,000	(283)	2,717	2,742
Capão Bonito	2,000	(133)	1,867	1,883
Emilianópolis	112	(10)	102	103
Espírito Santo do Pinhal	5,179	(58)	5,121	5,165
Fartura	243	(16)	227	229
Fernandópolis	9,500	(792)	8,708	8,788
Franca	20,676	(2,010)	18,666	18,838
Indiaporã	250	(17)	233	235
Irapuã	260	(4)	256	258
Jales	4,426	(418)	4,008	4,045
Lorena	9,000	(750)	8,250	8,325
Magda	320	(5)	315	320
Mococa	8,843	(590)	8,253	8,327
Mombuca	197	(16)	181	182
Monte Alto	5,000	(347)	4,653	4,694
Novo Horizonte	5,000	(333)	4,667	4,708
Osvaldo Cruz	2,336	(13)	2,323	-
Pindamonhangaba	16,000	(1,156)	14,844	14,978
Piratininga	350	(24)	326	329
Planalto	39	(4)	35	36
Platina	30	-	30	-
Pongaí	35	(1)	34	35
Quatá	1,000	(17)	983	992
Riolândia	2,643	(176)	2,467	2,489
Santa Rosa do Viterbo	3,696	(31)	3,665	-
São João da Boa Vista	16,700	(1,113)	15,587	15,726
São José dos Campos	142,945	(7,147)	135,798	136,989
São Luiz Paraitinga	600	(50)	550	555
São Manuel	1,300	(87)	1,213	1,224
Tatuí	9,795	(43)	9,752	-
Tupã	5,540	(385)	5,155	5,201
Valentim Gentil	140	(12)	128	129
Zacarias	<u>320</u>	<u>(2)</u>	<u>318</u>	<u>-</u>
Total	<u>323,765</u>	<u>(17,231)</u>	<u>306,534</u>	<u>261,710</u>

In the second quarter of 2010 and 2009, the amortization expenses related to the commitments of the program contracts were R\$2,568 and R\$2,246, respectively.

The amounts not yet disbursed related to program contracts are recorded under the caption other obligations in current liabilities, R\$68,207 and non-current liabilities, R\$102,399.

(iii) License for Use (Software)

The net amount of the amortizations of the license for the use of Software in June 30, 2010 was R\$6,119 (Mar/2010 - R\$8,056).

(iv) Program Contracts - Investments Performed

Refer to renewals of the contracts previously named full concession to operating concession, through program contracts that have the objective of providing municipal public services of supply and sanitation sewage, where the Company has the ownership and management of the assets acquired or constructed during the term of these contracts (30 years).

	HOLDING AND CONSOLIDATED			
	<u>Jun/10</u>		<u>Mar/10</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
In use				
Water systems				
Land	7,564	(413)	7,151	7,205
Buildings	49,218	(2,821)	46,397	45,513
Connections	30,224	(1,608)	28,616	28,753
Water meters	19,290	(912)	18,378	22,140
Networks	90,555	(5,005)	85,550	79,607
Wells	12,508	(680)	11,828	11,831
Equipment	16,573	(2,057)	14,516	13,623
Others	<u>1,790</u>	<u>(103)</u>	<u>1,687</u>	<u>5,532</u>
Subtotal	227,722	(13,599)	214,123	214,204
Sewage systems				
Land	2,867	(152)	2,715	2,226
Buildings	57,018	(3,148)	53,870	46,933
Connections	38,478	(1,985)	36,493	36,751
Networks	124,297	(6,741)	117,556	118,453
Equipment	20,472	(2,502)	17,970	15,568
Others	<u>2,046</u>	<u>(117)</u>	<u>1,929</u>	<u>9,353</u>
Subtotal	245,178	(14,645)	230,533	229,284
General use				
Land	10	-	10	9
Buildings	392	(13)	379	378
Transportation equipment	6,097	(343)	5,754	5,794
Information Technology Equipment	1,200	(62)	1,138	1,144
Furniture, Fixture and Equipment	<u>6,219</u>	<u>(470)</u>	<u>5,749</u>	<u>5,806</u>
Subtotal	<u>13,918</u>	<u>(888)</u>	<u>13,030</u>	<u>13,131</u>
Total	486,818	(29,132)	457,686	456,619
Work in progress:				
Water systems	102,379	-	102,379	89,110
Sewage systems	272,943	-	272,943	263,030
Others	<u>346</u>	<u>-</u>	<u>346</u>	<u>338</u>
Subtotal in progress	<u>375,668</u>	<u>-</u>	<u>375,668</u>	<u>352,478</u>
Grand Total	<u>862,486</u>	<u>(29,132)</u>	<u>833,354</u>	<u>809,097</u>

The amortization of the assets is performed during the effectiveness of the program contract period.

(v) New Businesses

It was signed, in August, 2009, with the Companhia of Saneamento de Alagoas (CASAL), the specialized technical services contract and technology transfer with the purpose to implement a program of loss reduction and revenue evasion of the Municipality of Maceio, for 60 months.

On June 30, 2010 the amount in progress referring to this contract was R\$1,655.

10. LOANS, FINANCINGS & DEBENTURES

(i) Outstanding balance of loans and financings

	HOLDING AND CONSOLIDATED						Guarantees	Final maturity	Annual interest rate	Monetary adjustment
	<u>Jun/10</u>		<u>Mar/10</u>							
	Current	Non-current	Total	Current	Non-current	Total				
Financial Institution: COUNTRY										
União Federal / Banco do Brasil	301,904	975,120	1,277,024	295,251	1,051,855	1,347,106	Gov.Est.S.Paulo and own resources	2014	8.50%	UPR
Debentures 6th Issuance	238,461	-	238,461	232,415	-	232,415	Unsecured	2010	11%	IGP-M
Debentures 8th Issuance	442,091	-	442,091	-	429,932	429,932	Unsecured	2011	10.75%	IGP-M
Debentures 9th Issuance	-	228,355	228,355	-	226,552	226,552	Unsecured	2015	CDI+2.75% (1st series) and 12.87% (2nd series)	IPCA
Debentures 10th Issuance	-	277,435	277,435	-	276,276	276,276	Unsecured	2020	TJLP+1.92% (1st series and 3rd series) and 9.53% (2nd series)	IPCA
Debentures 11th Issuance	-	1,204,925	1,204,925	-	-	-	Unsecured	2015	CDI+1.95% (1st series) and CDI+1.4% (2nd series)	
Debentures 12th Issuance	-	499,975	499,975	-	-	-	Unsecured	2025	TR+9.5%	
Caixa Econômica Federal	84,076	737,260	821,336	80,940	690,948	771,888	Own Resources	2010/2032	6.8% (weighted)	UPR
Promissory Notes	-	-	-	-	899,207	899,207		2015	CDI + 3.5%	
FIDC - Sabesp I	41,667	-	41,667	55,556	-	55,556	Own Resources	2011		

Banco Nacional de Desenvolvimento Econômico e Social - BNDES	43,119	62,241	105,360	42,976	73,102	116,078	Own Resources	2013	CDI + 0.70% 3% + TJLP LIMIT 6%	
Banco Nacional de Desenvolvimento Econômico e Social - BNDES	-	130,474	130,474	-	130,474	130,474		2019	2.5% + TJLP LIMIT 6%	
Banco Nacional de Desenvolvimento Econômico e Social - BNDES	-	30,001	30,001	-	30,001	30,001	Own Resources	2023	2.15% + TJLP LIMIT 6%	
Banco Nacional de Desenvolvimento Econômico e Social - BNDES	-	202,973	202,973	-	105,117	105,117	Own Resources	2025	1.92% + TJLP LIMIT 6%	
ONDAS LIMPAS - Others	3,271	7,374	10,645	3,141	9,513	12,654		2010/2018	12% / CDI / TJLP+ 6%	UPR
Interests and charges	<u>132.784</u>	=	<u>132.784</u>	<u>155.117</u>	=	<u>155.117</u>				
Total Domestic	<u>1.287.373</u>	<u>4.356.133</u>	<u>5.643.506</u>	<u>865.396</u>	<u>3.922.977</u>	<u>4.788.373</u>				
FOREIGN CURRENCY										
Inter-American Development Bank - BID	66,088	572,687	638,775	65,312	589,525	654,837	Federal Government	2016/2025	3.00% a 4.13% (i)	Currency Basket Var. + US\$
US\$ 354,579 thd. (Mar/10 - US\$ 367,680 thd)										
Euro Bonds - US\$ 140,000 thd (Mar/10 - US\$ 140,000 thd)	-	252,210	252,210	-	249,340	249,340		2016	7.5%	US\$
JICA - Yens 21,316,000 thd (Mar/10 - Yens 21,316,000 thd)	-	434,420	434,420	-	406,283	406,283	Federal Government	2029	1.8% and 2.5% (i)	Yens
BID 1983AB - US\$ 250,000 thd (Mar/10 - US\$ 250,000 thd.)	43,132	404,006	447,138	-	441,936	441,936		2023	2.4% to 2.9% (i)	US\$

Interests and charges	<u>16.361</u>	=	<u>16.361</u>	<u>25.103</u>	=	<u>25.103</u>
Total	<u>125.581</u>	<u>1.663.323</u>	<u>1.788.904</u>	<u>90.415</u>	<u>1.687.084</u>	<u>1.777.499</u>
International						
<u>TOTAL OF LOANS AND FINANCINGS</u>	<u>1.412.954</u>	<u>6.019.456</u>	<u>7.432.410</u>	<u>955.811</u>	<u>5.610.061</u>	<u>6.565.872</u>

Parity rates as of June 30, 2010: US\$ 1.8015; Yen 0.020380 (March31,2010: US\$ 1.7810; Yen 0.019060).

On June 30, 2010 the Company did not have short term balances of loans and financings .

(i) The demonstration of the annual interest rates is summarized in the contract s general chart.

	Jun/10			Mar/10			interest rate
	Current	Non-current	Total	Current	Non-current	Total	
BID	42,567	276,683	319,250	42,060	294,415	336,475	4.13%
Contract 713							
BID	5,004	27,523	32,527	4,947	29,683	34,630	3.00%
Contract 896							
BID	18,516	268,482	286,998	18,305	265,427	283,732	4.02%
Contract 1212							
Jica Consulting	-	248,711	248,711	-	232,602	232,602	1.80%
Jica Work	-	185,709	185,709	-	173,681	173,681	2.50%
BID	13,858	164,998	178,856	-	178,100	178,100	2.90%
1983 A							
Bid	18,015	160,840	178,855	-	178,100	178,100	2.60%
1983 B1							
BID	11,259	78,168	89,427	-	89,050	89,050	2.40%
1983 B2							

(ii) In accordance with the CPC 08 the chart below was prepared with the purpose of showing the annual effects of the financial expenses resulting from funding costs on the effective interest rates.

	2010	2011	2012	2013	2014	2015	2016 and thereafter	Total	Monthly IRR
Debentures - 9th issuance - 1st series	159	318	319	267	-	-	-	1,063	0.26726%
Debentures - 9th issuance - 2nd series	122	245	246	246	247	206	-	1,312	0.017171%
Debentures - 10th issuance	18	36	36	36	36	37	181	380	0.003956%

- 1st series Debentures - 10th issuance									
- 2nd series Debentures - 10th issuance	19	39	39	39	39	39	196	410	0.003944%
- 3rd series Debentures - 11th issuance	27	55	55	55	55	55	270	572	0.003966%
- 1st series	710	1,422	1,424	1,427	1,430	357	-	6,770	0.014728%

	2010	2011	2012	2013	2014	2015	2016 and thereafter	Total	Monthly IRR
Debentures - 11th issuance - 2nd series	599	1,200	1,204	302	-	-	-	3,305	0.024830%
Debentures - 12th issuance - sole series	1	2	2	2	2	2	14	25	0.000028%
BNDES (National Bank for Economic and Social Development) ONDA LIMPA	13	26	26	26	26	26	236	379	0.002184%
AB Loan A	52	103	103	103	103	104	770	1,338	0.005301%
AB Loan B1	64	129	129	129	129	129	575	1,284	0.006621%
AB Loan B2	39	77	77	78	78	78	188	615	0.007939%
Total	1,823	3,652	3,660	2,710	2,145	1,033	2,430	17,453	

There is no premium when the resources are funded.

(iii) On May 3, 2010 occurred the full settlement of the 4th issuance of promissory notes.

(iv) 11th Issuance of debentures

On March 01, 2010 the Company issued the 11th issuance of debentures and on April 30, 2010 and May 03, 2010 it made the financial settlement of the 1st and 2nd series, respectively, through the Public Offer, which characteristics are:

	<u>1st Series</u>	<u>2nd Series</u>
CVM Registration	CVM/SRE/DEB/2010/015	CVM/SRE/DEB/2010/016
Quantity	810,000	405,000
Issuance Date	03/01/2010	03/01/2010
Unit Value (R\$ thd)	R\$1	R\$1
Total Value (R\$ thd)	R\$810,000	R\$405,000

Remuneration DI + p.a.	1.95%	1.40%
Remuneration Payment	Semi-annual	Semi-annual
Final Amortization	03/01/2015	03/01/2013
Optional Redemption	As of the 24 th month	Not applicable

(v) 12th Issuance of debentures

Sabesp issued R\$500 million of debentures to the FGTS [Unemployment Fund] in a transaction with the Fund's Sanitation Portfolio. The proceeds will pay for Sabesp's works of structuring program, essential to reach the target to universalize the sanitation services in the State of Sao Paulo by 2018. Among the programs that will receive the amount are Vida Nova (Water Sources), Water Metropolitan Program, Sewage Metropolitan Program, Water and Sewage Programs of the Interior and Coastal Area.

Initially, R\$170 million were released and the remaining amount is invested in a blocked account, whose redemption shall be made in 2 installments, within 6 and 12 months from the date of the transaction, through evidence of the realization of the investments by Sabesp.

Among the requirements of the Sanitation Portfolio for approving the transaction is the destination of 60% of the investments bound to the transaction in needing areas.

This transaction occurred in June 22, 2010 with the issuance and subscription of the 12th issuance of debentures, through the Public Offer of Restrict Efforts, pursuant CVM Instruction nr. 476, which characteristics are:

	<u>Single Series</u>
CVM Registration	None
Quantity	500,000
Issuance Date	06/22/2010
Unit Value (R\$ thd)	R\$1
Total Value (R\$ thd)	R\$500,000
Remuneration DI + p.a.	9.5%
Remuneration Payment	Monthly, as of 07/2010
Final Amortization	Monthly, as of 07/2014
Optional Redemption	As of the 49 th month

(iv) Repayment schedule of loans and financing

The total debt volume to be paid through the end of 2010 is R\$644,875 and the amount denominated in US dollars is R\$49,404 and the amount of R\$595,471 refers to the interest and principal of loans denominated in Brazilian reais falling due.

BANK	2010	2011	2012	2013	2014	2015	2016 and thereafter	TOTAL
COUNTRY								
Federal Government/Banco do Brasil	147,754	314,970	342,824	373,142	98,334	-	-	-1,277,024
Caixa Econômica Federal (CEF)	41,161	88,178	98,100	99,755	61,318	39,136	393,688	821,336
Debentures	238,461	475,070	235,825	579,389	368,288	391,014	603,195	2,891,242
FIDC - SABESP I	27,778	13,889	-	-	-	-	-	41,667
BNDES (National Bank for Economic and Social Development)	21,424	42,847	36,914	4,175	-	-	-	105,360
BNDES (National Bank for Economic and Social Development) Santos Lowlands	-	-	16,309	16,309	16,309	16,309	65,238	130,474
BNDES (National Bank for Economic and Social Development) PAC	-	1,250	2,500	2,500	2,500	2,500	18,751	30,001
BNDES (National Bank for Economic and Social Development) ONDA	-	-	11,710	15,613	15,613	15,613	144,424	202,973
LIMPA	1,713	5,251	384	432	487	549	1,829	10,645
Interest and charges	117,180	15,604	-	-	-	-	-	132,784
Total - Domestic	595,471	957,059	744,566	1,091,315	562,849	465,121	1,227,125	5,643,506
ABROAD								
BID	33,043	66,087	66,087	66,087	66,087	66,087	275,297	638,775
Eurobonds	-	-	-	-	-	-	252,210	252,210
JICA	-	11,741	23,482	23,482	23,482	23,482	328,751	434,420
BID 1983AB	-	42,822	42,822	42,822	42,822	42,822	233,028	447,138
Interest and charges	16,361	-	-	-	-	-	-	16,361
Total Abroad	49,404	120,650	132,391	132,391	132,391			