

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

August 04, 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 May 11, 2011
(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):

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

INFORMATION OF THE COMPANY/ CAPITAL COMPOSITION

NUMBER OF SHARES

CURRENT QUARTER

(Units)

03/31/2011

Paid-up Capital

Common

227,836,623

Preferred

0

Total

227,836,623

Treasury Shares

Common

0

Preferred

0

Total

0

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Balance Sheet - Assets****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current	Previous Year
		Quarter	
		03/31/2011	12/31/2010
1	Total assets	24,054,453	23,293,050
1.01	Current assets	4,132,724	3,574,874
1.01.01	Cash & Cash Equivalents	2,397,072	1,988,004
1.01.03	Receivables	1,109,638	1,108,819
1.01.03.01	Customers	969,335	971,047
1.01.03.02	Other Receivables	140,303	137,772
1.01.03.02.01	Balances with Related Parties	140,303	137,772
1.01.04	Inventories	34,878	36,090
1.01.06	Taxes Recoverable	57,544	108,675
1.01.06.01	Current Taxes Recoverable	57,544	108,675
1.01.08	Other Current Assets	533,592	333,286
1.01.08.03	Other	533,592	333,286
1.01.08.03.01	Restricted Cash	292,369	302,570
1.01.08.03.20	Other receivables	241,223	30,716
1.02	Non-current assets	19,921,729	19,718,176
1.02.01	Long-term assets	946,824	962,008
1.02.01.03	Receivables	361,343	352,839
1.02.01.03.01	Customers	361,343	352,839
1.02.01.06	Deferred Taxes	91,340	77,913
1.02.01.06.01	Deferred Income Tax & Social Contribution	91,340	77,913
1.02.01.08	Credit with Related Parties	218,634	231,076
1.02.01.08.03	Credit with Controlling Shareholders	218,634	231,076
1.02.01.09	Other Non-current Assets	275,507	300,180
1.02.01.09.03	Indemnifications Receivable	146,213	146,213
1.02.01.09.04	Judicial deposits	39,391	43,543
1.02.01.09.05	ANA – National Water Agency	64,010	62,540
1.02.01.09.20	Other receivables	25,893	47,884
1.02.02	Investments	17,900	8,262
1.02.02.01	Shareholdings	17,900	8,262
1.02.02.01.04	Other Equity Interests	17,900	8,262
1.02.03	Property, Plant and Equipment	205,178	206,384
1.02.04	Intangible	18,751,827	18,541,522
1.02.04.01	Intangible	18,751,827	18,541,522
1.02.04.01.01	Concession Contracts	10,888,322	10,732,557

Treasury Shares

1.02.04.01.02	Program Contracts	999,684	864,384
1.02.04.01.03	Service Contracts	6,010,227	6,096,862
1.02.04.01.04	Software License	5,493	7,937
1.02.04.01.05	New Business	11,894	11,228
1.02.04.01.06	Concession Contracts – Economic Value	519,156	517,278
1.02.04.01.07	Program Contracts – Commitments	317,051	311,276

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Balance Sheet - Liabilities and Shareholders' Equity****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current	Previous Year
		Quarter	
		03/31/2011	12/31/2010
2	Total liabilities and shareholders' equity	24,054,453	23,293,050
2.01	Current liabilities	3,673,101	3,501,786
2.01.01	Labor and Social Security Obligations	250,555	246,325
2.01.01.01	Social Security Obligations	18,049	26,147
2.01.01.02	Labor Obligations	232,506	220,178
2.01.02	Suppliers	156,295	142,634
2.01.02.01	Domestic Suppliers	156,295	142,634
2.01.03	Tax Obligations	200,940	157,768
2.01.03.01	Federal Tax Obligations	197,638	153,233
2.01.03.01.01	Income Tax and Social Contribution Payable	81,457	0
2.01.03.01.02	COFINS and PASEP (taxes on revenue) payable	47,773	48,149
2.01.03.01.03	INSS (Social security contribution) payable	23,256	24,112
2.01.03.01.04	Installment Program - Law 10.684/03	35,702	35,364
2.01.03.01.20	Other Federal Taxes	9,450	45,608
2.01.03.02	State Tax Obligations	13	0
2.01.03.03	Municipal Tax Obligations	3,289	4,535
2.01.04	Loans and financing	1,276,350	1,239,716
2.01.04.01	Loans and financing	766,284	741,297
2.01.04.01.01	In national currency	601,522	611,320
2.01.04.01.02	In foreign currency	164,762	129,977
2.01.04.02	Debentures	510,066	498,419
2.01.05	Other payables	1,008,160	948,740
2.01.05.01	Liabilities with related parties	11,460	11,395
2.01.05.01.03	Debts with controlling shareholders	11,460	11,395
2.01.05.02	Other	996,700	937,345
2.01.05.02.01	Dividends and Interests on Equity Payable	354,254	354,254
2.01.05.02.04	Accounts Payable	336,214	328,434
2.01.05.02.05	Refundable amounts	57,767	60,486
2.01.05.02.06	Program contract commitments	90,409	38,427
2.01.05.02.07	Private Public Partnership	27,631	30,831
2.01.05.02.08	Agreement with São Paulo City Hall	71,183	60,350
2.01.05.02.09	Indemnities	11,545	17,169

Treasury Shares

5

2.01.05.02.20	Other payables	47,697	47,394
2.01.06	Provisions	780,801	766,603
2.01.06.01	Civil, Labor and Social Security Provisions	104,165	96,231
2.01.06.01.01	Tax Provisions	5,397	3,191
2.01.06.01.02	Tax and Social Security Provisions	81,211	78,151
2.01.06.01.04	Civil Provisions	17,557	14,889
2.01.06.02	Other Provisions	676,636	670,372
2.01.06.02.03	Provision for Environmental and Deactivations Liabilities	22,422	22,802
2.01.06.02.04	Provisions for Customers	286,970	288,970
2.01.06.02.05	Provisions for Suppliers	367,244	358,600
2.02	Non-current liabilities	10,516,759	10,109,464
2.02.01	Loans and financing	7,146,874	6,969,576
2.02.01.01	Loans and financing	4,358,446	4,786,671
2.02.01.01.01	In national currency	1,947,443	2,667,720
2.02.01.01.02	In foreign currency	2,411,003	2,118,951
2.02.01.02	Debentures	2,788,428	2,182,905
2.02.02	Other payables	2,670,057	2,446,661
2.02.02.02	Other	2,670,057	2,446,661
2.02.02.02.03	Other Taxes and Contributions Payable	44,627	53,045
2.02.02.02.04	Social security charges	1,999,253	1,804,038
2.02.02.02.05	Program contract commitments	71,080	106,696
2.02.02.02.06	Private Public Partnership – PPP	313,773	284,728
2.02.02.02.07	Indemnities	30,847	30,847
2.02.02.02.08	TAC – Retired Participants	21,654	20,497
2.02.02.02.09	Deferred Cofins and Pasep	113,613	112,962
2.02.02.02.20	Other payables	75,210	33,848
2.02.04	Provisions	699,828	693,227
2.02.04.01	Civil, Labor, Tax and Social Security Provisions	289,376	267,287
2.02.04.01.01	Tax Provisions	64,368	55,467
2.02.04.01.02	Tax, Social Security and Labor Provisions	65,029	59,081
2.02.04.01.04	Civil Provisions	159,979	152,739
2.02.04.02	Other Provisions	410,452	425,940
2.02.04.02.03	Provision for Environmental and Deactivations Liabilities	40,904	42,293
2.02.04.02.04	Provisions for Customers	355,826	370,212
2.02.04.02.05	Provisions for Suppliers	13,722	13,435
2.03	Shareholders' equity	9,864,593	9,681,800
2.03.01	Social Capital	6,203,688	6,203,688
2.03.02	Capital reserves	124,255	124,255
2.03.02.07	Support to projects	108,475	108,475
2.03.02.08	Incentive reserve	15,780	15,780
2.03.04	Profit reserves	3,353,857	3,353,857
2.03.04.01	Legal Reserve	460,048	460,048
2.03.04.08	Additional Dividend Proposed	68,761	68,761
2.03.04.10	Reserve for Investments	2,825,048	2,825,048
2.03.05	Retained earnings (accumulated deficit)	182,793	0

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Statement of Income****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		01/01/2011 to 03/31/2011	01/01/2010 to 03/31/2010
3.01	Gross revenue from sales and/or services	2,294,623	2,163,135
3.02	Cost of sales and/or services	-1,367,777	-1,154,896
3.02.01	Cost of sales and/or services	-928,362	-713,278
3.02.02	Construction Cost	-439,415	-441,618
3.03	Gross profit	926,846	1,008,239
3.04	Operating (expenses)/income	-497,485	-309,953
3.04.01	Selling expenses	-178,222	-116,510
3.04.02	General and Administrative Expenses	-321,482	-196,771
3.04.04	Other operating income	5,254	5,096
3.04.04.01	Other operating income	5,789	5,765
3.04.04.02	COFINS and PASEP (taxes on revenue)	-535	-669
3.04.05	Other operating expenses	-2,069	-1,651
3.04.05.01	Loss on write-off of property, plant and equipment items	-642	-1,324
3.04.05.03	Tax incentives	-1,350	0
3.04.05.05	Other	-77	-327
3.04.06	Equity in subsidiaries	-966	-117
3.05	Income before taxes and profit sharing	429,361	698,286
3.06	Financial income	-50,634	-219,396
3.06.01	Financial income	91,027	63,331
3.06.01.01	Financial income	95,945	63,256
3.06.01.02	Foreign exchange gains	-4,918	75
3.06.02	Financial expenses	-141,661	-282,727
3.06.02.01	Financial expenses	-210,758	-258,422
3.06.02.02	Foreign exchange losses	69,097	-24,305
3.07	Income Before Taxes on profit	378,727	478,890
3.08	Income Tax and Social Contribution on Net Income	-195,934	-179,845
3.08.01	Current	-209,314	-236,931
3.08.02	Deferred	13,380	57,086
3.09	Net Profit from Continuing Operations	182,793	299,045
3.11	Net income/(loss)	182,793	299,045
3.99	Earnings per share (Reais)		

3.99.01	Basic earnings per share		
3.99.01.01	ON	0.80230	1.31254
3.99.02	Diluted Earnings per Share		
3.99.02.01	ON	0.80230	1.31254

Page : 4

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Statement of Cash Flows – Indirect Method****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current	Previous Year
		Quarter	
		01/01/2011 to	01/01/2010 to
		03/31/2011	03/31/2010
6.01	Net Cash from Operating Activities	514,010	574,772
6.01.01	Cash Generated from Operations	1,116,774	1,003,885
6.01.01.01	Net Profit before Income Tax and Social Contribution	378,727	478,890
6.01.01.02	Provision for Contingencies	44,750	176,411
6.01.01.05	Loss on Sale of Intangible Fixed Assets	642	1,324
6.01.01.06	Depreciation and Amortization	228,093	143,028
6.01.01.07	Interests on Loans and Financings Payable	141,298	97,942
6.01.01.08	Monetary and Foreign Exchange Variation on Loans and Financings	-35,206	50,246
6.01.01.09	Expenses with Interests and Monetary Variations	817	1,155
6.01.01.10	Income with Interests and Monetary Variations	-4,675	-10,239
6.01.01.11	Allowance for Doubtful Accounts	83,283	51,536
6.01.01.12	Provision for Term of Adjustment of Conduct (TAC)	11,220	-16,516
6.01.01.13	Equity Result	966	117
6.01.01.15	Other Provisions/(Reversals)	4,758	-211
6.01.01.16	Provision for transfer of funds to São Paulo City Hall	74,111	0
6.01.01.17	Margin of Fair Value over Intangible Assets Arising from Concession Contracts	-10,759	-10,615
6.01.01.18	Social Security Obligations	198,749	40,817
6.01.02	Variation to Assets and Liabilities	-339,747	-130,737
6.01.02.01	Accounts Receivable	-88,974	-38,220
6.01.02.02	Balances and Transactions with Related Parties	12,455	11,390
6.01.02.03	Inventories	1,329	5,388
6.01.02.04	Taxes Recoverable	-95,878	-2,201
6.01.02.05	Other Accounts Receivable	-193,598	-12,901
6.01.02.06	Judicial Deposits	13,379	-513
6.01.02.08	Loans and Suppliers	11,225	-43,015
6.01.02.09	Salaries, Provisions and Social Security Obligations	-6,990	12,365
6.01.02.10	Social Security Obligations	-3,534	-4,183
6.01.02.11	Taxes and contributions payable	33,937	-23,586
6.01.02.12	Other Suppliers	59,827	-1,717

Treasury Shares

6.01.02.13	Other Obligations	-50,118	31,763
6.01.02.14	Contingencies	-33,458	-59,862
6.01.02.15	Tax Revenue	651	-5,445
6.01.03	Other	-263,017	-298,376
6.01.03.01	Interest Paid	-200,712	-92,700
6.01.03.02	Taxes and Contributions Paid	-62,305	-205,676
6.02	Net Cash from Investment Activities	-348,523	-398,690
6.02.01	Acquisition of Items of Fixed Assets	-3,671	0
6.02.02	Increase in Intangibles	-344,449	-374,628
6.02.03	Increase in Investments	-10,604	0
6.02.04	Restricted Cash	10,201	-24,062
6.03	Net Cash from Financing Activities	243,581	-93,951
6.03.01	Funding	976,132	153,279
6.03.02	Amortizations of loans	-732,551	-247,211
6.03.03	Payment of Interests on Shareholders' Equity	0	-19
6.05	Increase(Decrease) in Cash & Cash Equivalents	409,068	82,131
6.05.01	Cash & Cash Equivalents at the beginning of the period	1,988,004	769,433
6.05.02	Cash & Cash Equivalents at the end of the period	2,397,072	851,564

Page: 5

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Statement of Changes to Shareholders' Equity from 01/01/2011 to 03/31/2011****(In thousands of Brazilian reais - R\$)**

Code	Description	Capital Paid	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/(Losses)	Other Comprehensive Results	Total Equity
5.01	Opening Balances	6,203,688	124,255	3,353,857	0		0 9,681,800
5.03	Adjusted Opening Balances	6,203,688	124,255	3,353,857	0		0 9,681,800
5.05	Total Comprehensive Income	0	0	0	182,793		0 182,793
5.05.01	Net Income	0	0	0	182,793		0 182,793
5.07	Ending Balances	6,203,688	124,255	3,353,857	182,793		0 9,864,593

Page : 6

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Statement of Changes to Shareholders' Equity from 01/01/2010 to 03/31/2010****(In thousands of Brazilian reais - R\$)**

Code	Description	Capital Paid	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/Losses	Other Comprehensive Results	Total Equity
5.01	Opening Balances	6,203,688	124,255	2,110,641	0		0 8,438,584
	Adjusted						
5.03	Opening Balances	6,203,688	124,255	2,110,641	0		0 8,438,584
	Total						
5.05	Comprehensive Income	0	0	0	299,045		0 299,045
5.05.01	Net Income	0	0	0	299,045		0 299,045
5.07	Ending Balances	6,203,688	124,255	2,110,641	299,045		0 8,737,629

Page : 7

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Individual Financial Statements/Statement of Value Added****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		01/01/2011 to 03/31/2011	01/01/2010 to 03/31/2010
7.01	Revenue	2,412,656	2,292,070
7.01.01	Sales of Merchandise, Products and Services	1,989,830	1,844,507
7.01.02	Other Revenue	5,789	5,765
7.01.03	Revenue from the construction of own assets	450,174	452,233
7.01.04	(Provision)/reversal of credit losses	-33,137	-10,435
7.02	Inputs purchased from third parties	-921,270	-869,240
7.02.01	Costs of Merchandise, Products and Services sold	-764,346	-710,643
7.02.02	Materials, Energy, Third Party Services and Others	-154,855	-156,946
7.02.04	Other	-2,069	-1,651
7.03	Gross Value Added	1,491,386	1,422,830
7.04	Retentions	-228,374	-143,502
7.04.01	Depreciation, Amortization and Depletion	-228,374	-143,502
7.05	Net Value Added Produced	1,263,012	1,279,328
7.06	Value Added Transfers Received	90,061	63,214
7.06.01	Equity Income	-966	-117
7.06.02	Financial Income	91,027	63,331
7.07	Total Value Added to Distribute	1,353,073	1,342,542
7.08	Value Added Value Distribution	1,353,073	1,342,542
7.08.01	Staff	520,825	322,786
7.08.01.01	Direct Compensation	230,385	203,792
7.08.01.02	Benefits	265,273	101,864
7.08.01.03	Government Severance Indemnity Fund for Employees - FGTS	25,167	17,130
7.08.02	Taxes and Contributions	436,515	405,161
7.08.02.01	Federal	408,278	377,801
7.08.02.02	State	10,379	10,132
7.08.02.03	Municipal	17,858	17,228
7.08.03	Third Party Capital Compensation	212,940	315,550
7.08.03.01	Interest	204,733	307,923
7.08.03.02	Rental	8,207	7,627
7.08.04	Shareholders' equity remuneration	182,793	299,045
7.08.04.03	Retained Profit / Loss for the Period	182,793	299,045

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Balance Sheet - Assets****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		03/31/2011	12/31/2010
1	Total assets	24,117,337	23,350,584
1.01	Current assets	4,149,616	3,590,121
1.01.01	Cash & Cash Equivalents	2,399,844	1,989,179
1.01.03	Receivables	1,110,115	1,109,090
1.01.03.01	Customers	969,812	971,318
1.01.03.02	Other Receivables	140,303	137,772
1.01.03.02.01	Balances with Related Parties	140,303	137,772
1.01.04	Inventories	34,888	36,096
1.01.06	Taxes Recoverable	57,652	108,675
1.01.06.01	Current Taxes Recoverable	57,652	108,675
1.01.08	Other Current Assets	547,117	347,081
1.01.08.03	Other	547,117	347,081
1.01.08.03.01	Restricted Cash	292,369	302,570
1.01.08.03.20	Other receivables	254,748	44,511
1.02	Non-current assets	19,967,721	19,760,463
1.02.01	Long-term assets	948,892	964,021
1.02.01.03	Receivables	361,343	352,839
1.02.01.03.01	Customers	361,343	352,839
1.02.01.06	Deferred Taxes	91,953	78,440
1.02.01.06.01	Deferred Income Tax & Social Contribution	91,953	78,440
1.02.01.08	Credit with Related Parties	218,634	231,076
1.02.01.08.03	Credit with Controlling Shareholders	218,634	231,076
1.02.01.09	Other Non-current Assets	276,962	301,666
1.02.01.09.03	Indemnifications Receivable	146,213	146,213
1.02.01.09.04	Judicial deposits	39,391	43,543
1.02.01.09.05	ANA – National Water Agency	64,010	62,540
1.02.01.09.20	Other receivables	27,348	49,370
1.02.03	Property, Plant and Equipment	259,620	249,606
1.02.04	Intangible	18,759,209	18,546,836
1.02.04.01	Intangible	18,759,209	18,546,836
1.02.04.01.01	Concession Contracts	10,895,704	10,737,871
1.02.04.01.02	Program Contracts	999,684	864,384

Treasury Shares

14

1.02.04.01.03	Service Contracts	6,010,227	6,096,862
1.02.04.01.04	Software License	5,493	7,937
1.02.04.01.05	New Business	11,894	11,228
1.02.04.01.06	Concession Contracts - Economic Value	519,156	517,278
1.02.04.01.07	Program Contracts – Commitments	317,051	311,276

Page : 9

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Balance Sheet - Liabilities and Shareholders' Equity****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current	Previous Year
		Quarter	12/31/2010
		03/31/2011	
2	Total liabilities and Shareholders' equity	24,117,337	23,350,584
2.01	Current liabilities	3,675,517	3,506,114
2.01.01	Labor and Social Security Obligations	250,898	246,467
2.01.01.01	Social Security Obligations	18,169	26,172
2.01.01.02	Labor Obligations	232,729	220,295
2.01.02	Suppliers	158,161	144,043
2.01.02.01	Domestic Suppliers	158,161	144,043
2.01.03	Tax Obligations	201,127	158,050
2.01.03.01	Federal Tax Obligations	197,701	153,515
2.01.03.01.01	Income Tax and Social Contribution Payable	81,498	0
2.01.03.01.02	COFINS and PASEP (taxes on revenue) payable	47,789	48,149
2.01.03.01.03	INSS (Social security contribution), payable	23,256	24,112
2.01.03.01.04	Installment Program - Law 10.684/03	35,702	35,364
2.01.03.01.20	Other Federal Taxes	9,456	45,890
2.01.03.02	State Tax Obligations	39	0
2.01.03.03	Municipal Tax Obligations	3,387	4,535
2.01.04	Loans and financing	1,276,352	1,242,143
2.01.04.01	Loans and financing	766,286	743,724
2.01.04.01.01	In national currency	601,524	613,747
2.01.04.01.02	In foreign currency	164,762	129,977
2.01.04.02	Debentures	510,066	498,419
2.01.05	Other payables	1,008,178	948,808
2.01.05.01	Liabilities with related parties	11,460	11,395
2.01.05.01.03	Debts with controlling shareholders	11,460	11,395
2.01.05.02	Other	996,718	937,413
2.01.05.02.01	Dividends and Interests on Equity Payable	354,272	354,254
2.01.05.02.04	Accounts Payable	336,214	328,434
2.01.05.02.05	Refundable amounts	57,767	60,486
2.01.05.02.06	Program contract commitments	90,409	38,427
2.01.05.02.07	Private Public Partnership	27,631	30,831
2.01.05.02.08	Agreement with São Paulo City Hall	71,183	60,350
2.01.05.02.09	Indemnities	11,545	17,169

Treasury Shares

16

2.01.05.02.20	Other payables	47,697	47,462
2.01.06	Provisions	780,801	766,603
2.01.06.01	Civil, Labor and Social Security Provisions	104,165	96,231
2.01.06.01.01	Tax Provisions	5,397	3,191
2.01.06.01.02	Tax and Social Security Provisions	81,211	78,151
2.01.06.01.04	Civil Provisions	17,557	14,889
2.01.06.02	Other Provisions	676,636	670,372
2.01.06.02.03	Provision for Environmental and Deactivations Liabilities	22,422	22,802
2.01.06.02.04	Provisions for Customers	286,970	288,970
2.01.06.02.05	Provisions for Suppliers	367,244	358,600
2.02	Noncurrent liabilities	10,577,227	10,162,670
2.02.01	Loans and financing	7,207,142	7,022,472
2.02.01.01	Loans and financing	4,418,714	4,839,567
2.02.01.01.01	In national currency	2,007,711	2,720,616
2.02.01.01.02	In foreign currency	2,411,003	2,118,951
2.02.01.02	Debentures	2,788,428	2,182,905
2.02.02	Other payables	2,670,257	2,446,971
2.02.02.02	Other	2,670,257	2,446,971
2.02.02.02.03	Other Taxes and Contributions Payable	44,627	53,045
2.02.02.02.04	Social security charges	1,999,253	1,804,038
2.02.02.02.05	Program contract commitments	71,080	106,696
2.02.02.02.06	Private Public Partnership - PPP	313,773	284,728
2.02.02.02.07	Indemnities	30,847	30,847
2.02.02.02.08	TAC – Retired Participants	21,654	20,497
2.02.02.02.09	Deferred Cofins and Pasep	113,613	112,962
2.02.02.02.20	Other payables	75,410	34,158
2.02.04	Provisions	699,828	693,227
2.02.04.01	Civil, Labor, Tax and Social Security Provisions	289,376	267,287
2.02.04.01.01	Tax Provisions	64,368	55,467
2.02.04.01.02	Tax, Social Security and Labor Provisions	65,029	59,081
2.02.04.01.04	Civil Provisions	159,979	152,739
2.02.04.02	Other Provisions	410,452	425,940
2.02.04.02.03	Provision for Environmental and Deactivations Liabilities	40,904	42,293
2.02.04.02.04	Provisions for Customers	355,826	370,212
2.02.04.02.05	Provisions for Suppliers	13,722	13,435
2.03	Shareholders' equity	9,864,593	9,681,800
2.03.01	Social Capital	6,203,688	6,203,688
2.03.02	Capital reserves	124,255	124,255
2.03.02.07	Support to projects	108,475	108,475
2.03.02.08	Incentive reserve	15,780	15,780
2.03.04	Profit reserves	3,353,857	3,353,857
2.03.04.01	Legal Reserve	460,048	460,048
2.03.04.08	Additional Dividend Proposed	68,761	68,761
2.03.04.10	Reserve for Investments	2,825,048	2,825,048
2.03.05	Retained earnings (accumulated deficit)	182,793	0

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Statement of Income****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		01/01/2011 to 03/31/2011	01/01/2010 to 03/31/2010
3.01	Gross revenue from sales and/or services	2,295,690	2,163,135
3.02	Cost of sales and/or services	-1,368,424	-1,154,896
3.02.01	Cost of sales and/or services	-928,995	-713,278
3.02.02	Construction Cost	-439,429	-441,618
3.03	Gross profit	927,266	1,008,239
3.04	Operating (expenses) income	-497,887	-309,977
3.04.01	Selling expenses	-178,249	-116,510
3.04.02	General and Administrative Expenses	-322,851	-196,912
3.04.04	Other operating income	5,282	5,096
3.04.04.01	Other operating income	5,817	5,765
3.04.04.02	COFINS and PASEP (taxes on revenue)	-535	-669
3.04.05	Other operating expenses	-2,069	-1,651
3.04.05.01	Loss on write-off of property, plant and equipment items	-642	-1,324
3.04.05.03	Tax incentives	-1,350	0
3.04.05.05	Other	-77	-327
3.05	Equity in subsidiaries	429,379	698,262
3.06	Income before taxes and profit sharing	-50,690	-219,372
3.06.01	Financial income	91,063	63,355
3.06.01.01	Financial income	95,981	63,280
3.06.01.02	Financial income	-4,918	75
3.06.02	Foreign exchange gains	-141,753	-282,727
3.06.02.01	Financial expenses	-210,850	-258,422
3.06.02.02	Financial expenses	69,097	-24,305
3.07	Foreign exchange losses	378,689	478,890
3.08	Income Before Taxes on profit	-195,896	-179,845
3.08.01	Income Tax and Social Contribution on Net Income	-209,314	-236,931
3.08.02	Current	13,418	57,086
3.09	Deferred	182,793	299,045
3.11	Net Profit from Continuing Operations	182,793	299,045
3.11.01	Net income (loss)	182,793	299,045
3.99	Earnings per share (Reais)		

3.99.01	Basic earnings per share		
3.99.01.01	ON	0.80230	1.31254
3.99.02	Diluted Earnings per Share		
3.99.02.01	ON	0.80230	1.31254

Page : 11

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Statement of Cash Flows – Indirect Method****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		01/01/2011 to 03/31/2011	01/01/2010 to 03/31/2010
6.01	Net Cash from Operating Activities	513,276	574,666
6.01.01	Cash Generated from Operations	1,115,687	1,003,768
6.01.01.01	Net Profit before Income Tax and Social Contribution	378,689	478,890
6.01.01.02	Provision for Contingencies	44,750	176,411
6.01.01.05	Loss on Sale of Intangible Fixed Assets	642	1,324
6.01.01.06	Depreciation and Amortization	228,100	143,028
6.01.01.07	Intersts on Loans and Financings Payable	141,223	97,942
6.01.01.08	Monetary and Foreign Exchange Variation on Loans and Financings	-35,206	50,246
6.01.01.09	Expenses with Interests and Monetary Variations	824	1,155
6.01.01.10	Income with Interests and Monetary Variations	-4,697	-10,239
6.01.01.11	Allowance for Doubtful Accounts	83,283	51,536
6.01.01.12	Provision for Term of Adjustment of Conduct (TAC)	11,220	-16,516
6.01.01.15	Other Provisions	4,758	-211
6.01.01.16	Provision for transfer of funds to São Paulo City Hall	74,111	0
6.01.01.17	Margin of Fair Value over Intangible Assets Arising from Concession Contracts	-10,759	-10,615
6.01.01.18	Social Security Obligations	198,749	40,817
6.01.02	Variation to Assets and Liabilities	-339,394	-130,726
6.01.02.01	Accounts Receivable	-89,180	-38,220
6.01.02.02	Balances and Transactions with Related Parties	12,455	11,390
6.01.02.03	Inventories	1,325	5,388
6.01.02.04	Taxes Recoverable	-96,034	-2,201
6.01.02.05	Other Accounts Receivable	-193,753	-12,904
6.01.02.06	Judicial Deposits	13,379	-513
6.01.02.08	Loans and Suppliers	11,682	-43,033
6.01.02.09	Salaries, Provisions and Social Security Obligations	-6,789	12,398
6.01.02.10	Social Security Obligations	-3,534	-4,183
6.01.02.11	Taxes and contributions payable	33,842	-23,587
6.01.02.12	Other Suppliers	59,827	-1,717
6.01.02.13	Other Obligations	-49,807	31,763
6.01.02.14	Contingencies	-33,458	-59,862
6.01.02.15	Tax Revenue	651	-5,445

Treasury Shares

20

6.01.03	Other	-263,017	-298,376
6.01.03.01	Interest Paid	-200,712	-92,700
6.01.03.02	Taxes and Contributions Paid	-62,305	-205,676
6.02	Net Cash from Investment Activities	-351,214	-399,200
6.02.01	Acquisition of Items of Fixed Assets	-14,898	0
6.02.02	Increase in Intangibles	-346,517	-375,138
6.02.04	Restricted Cash	10,201	-24,062
6.03	Net Cash from Financing Activities	248,603	-93,951
6.03.01	Funding	983,579	153,279
6.03.02	Amortizations of loans	-734,976	-247,211
6.03.03	Payment of Interests on Shareholders' Equity	0	-19
6.05	Increase(Decrease) in Cash & Cash Equivalents	410,665	81,515
6.05.01	Cash & Cash Equivalents at the beginning of the period	1,989,179	771,008
6.05.02	Cash & Cash Equivalents at the end of the period	2,399,844	852,523

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Statement of Changes to Shareholders' Equity From 01/01/2011 to 03/31/2011****(In thousands of Brazilian reais - R\$)**

Code	Description	Capital Paid	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/Losses	Other Comprehensive Results	Total Equity	Participation of non-controlling	Consolidated Stockholders' Equity
5.01	Opening Balances Adjusted	6,203,688	124,255	3,353,857	0		09,681,800	0	9,681,800
5.03	Opening Balances Total	6,203,688	124,255	3,353,857	0		09,681,800	0	9,681,800
5.05	Comprehensive Income	0	0	0	182,793	0	182,793	0	182,793
5.05.01	Net Income	0	0	0	182,793	0	182,793	0	182,793
5.07	Ending Balances	6,203,688	124,255	3,353,857	182,793		09,864,593	0	9,864,593

Page : 13

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Statement of Changes to Shareholders' Equity From 01/01/2010 to 03/31/2010****(In thousands of Brazilian reais - R\$)**

Code	Description	Capital Paid	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/Losses	Other Comprehensive Results	Total Equity	Participation of non-controlling	Consolidated Stockholders' Equity
5.01	Opening Balances Adjusted	6,203,688	124,255	2,110,641	0		08,438,584	0	8,438,584
5.03	Opening Balances Total	6,203,688	124,255	2,110,641	0		08,438,584	0	8,438,584
5.05	Comprehensive Income	0	0	0	299,045	0	299,045	0	299,045
5.05.01	Net Income	0	0	0	299,045	0	299,045	0	299,045
5.07	Ending Balances	6,203,688	124,255	2,110,641	299,045		08,737,629	0	8,737,629

Page : 14

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Consolidated Financial Statements/Statement of Value Added****(In thousands of Brazilian reais - R\$)**

Account code	Account Description	Current Quarter	Previous Year
		01/01/2011 to 03/31/2011	01/01/2010 to 03/31/2010
7.01	Revenue	2,413,743	2,292,070
7.01.01	Sales of Merchandise, Products and Services	1,990,875	1,844,507
7.01.02	Other Revenue	5,817	5,765
7.01.03	Revenue from the construction of own assets	450,188	452,233
7.01.04	Provision of credit losses	-33,137	-10,435
7.02	Inputs purchased from third parties	-922,323	-869,271
7.02.01	Costs of Merchandise, Products and Services sold	-764,825	-710,643
7.02.02	Materials, Energy, Third Party Services and Other	-155,429	-156,977
7.02.04	Other	-2,069	-1,651
7.03	Gross Value Added	1,491,420	1,422,799
7.04	Retentions	-228,381	-143,503
7.04.01	Depreciation, Amortization and Depletion	-228,381	-143,503
7.05	Net Value Added Produced	1,263,039	1,279,296
7.06	Value Added Transfer Received	91,063	63,355
7.06.02	Financial Income	91,063	63,355
7.07	Total Value Added to Distribute	1,354,102	1,342,651
7.08	Value Added Value Distribution	1,354,102	1,342,651
7.08.01	Staff	521,543	322,879
7.08.01.01	Direct Compensation	231,016	203,880
7.08.01.02	Benefits	265,320	101,866
7.08.01.03	Government Severance Indemnity Fund for Employees - FGTS	25,207	17,133
7.08.02	Taxes and Contributions	436,653	405,171
7.08.02.01	Federal	408,394	377,811
7.08.02.02	State	10,390	10,132
7.08.02.03	Municipal	17,869	17,228
7.08.03	Compensation Third Party Capital	213,113	315,556
7.08.03.01	Interest	204,825	307,923
7.08.03.02	Rental	8,288	7,633
7.08.04	Pay Equity	182,793	299,045
7.08.04.03	Retained Profit / Loss for the Period	182,793	299,045

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Management's Report and Comments on Performance****1. Financial Highlights**

	In millions of R\$			
			Variation	
	1T10	1T11	R\$	%
(+) Gross operating revenues	1,844.5	1,989.8	145.3	7.9
(+) Construction Costs	452.2	450.2	(2.0)	(0.4)
(-) COFINS and PASEP	133.6	145.4	11.8	8.8
(=) Net operating revenues	2,163.1	2,294.6	131.5	6.1
(-) Costs and expenses	1,026.6	1,428.0	401.4	39.1
(-) Construction Costs	441.6	439.4	(2.2)	(0.5)
(+) Equity result	(0.1)	(1.0)	(0.9)	-
(=) Income before financial expenses (EBIT)(*)	694.8	426.2	(268.6)	(38.7)
(+) Depreciation and amortization	143.0	228.1	85.1	59.5
(=) EBITDA(**)	837.8	654.3	(183.5)	(21.9)
EBITDA Margin %	38.7	28.5		
Net income	299.0	182.8	(116.2)	(38.9)
Income per one thousand shares in R\$	1.31	0.80		
(*) Earnings before interest and taxes on income;				

(**) Earnings before interest, taxes, depreciation and amortization;

In the 1Q11, net operating revenues totaled R\$ 2.3 billion, 6.1% growth related to 1Q10. Costs and expenses, including construction costs, in the amount of R\$ 1.9 billion, presented a decrease of 27.2% related to 1Q10. EBITDA decreased from R\$ 837.8 million in 1Q10 to R\$ 654.3 million in 1Q11, a reduction of 21.9%. EBITDA margin in the 1Q11 reached 28.5% as compared to 38.7% in the same period last year.

EBIT decreased 38.7%, from R\$ 694.8 million in 1Q10 to R\$ 426.2 million in 1Q11.

The 1Q11 result was particularly affected by the accounting record of R\$ 230.9 million corresponding to the following factors:

Treasury Shares

- Complement to the actuarial liability related to the complement of Retirement and Pension Benefits granted by State Law nr 4819/58 (Plan G0) in the amount of R\$ 157.5 million with impact on January 1st, 2011;
- Adjustment of the amortization period of the intangible assets for the lower between the useful life of the item and the effectiveness of the contract, in the amount of R\$ 73.4 million.

Discounting the effect from the adjustment of the complement of the actuarial liability, EBITDA would go from R\$ 654.3 million to R\$ 811.8 million, with margin going from 28.5% to 35.4%.

Page: 16

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Net Income would go from R\$ 182.8 million to R\$ 388.8 million if the two factors above had been disregarded.

2. Gross operating revenue

Gross operating revenue, including revenue from construction, reached R\$ 2.4 billion, corresponding to 6.2% increase related to the previous year.

Gross operating revenue related to the rendering of water supply and sewage collection services presented an increase of R\$ 145.3 billion, or 7.9%, from R\$ 1.8 billion in 1Q10 to R\$ 2.0 billion in 1Q11. The increase mainly relates to: growth in invoiced volume of 2.6% in water and 3.1% in sewage and tariff adjustment of 4.05% applied in September, 2010.

A number of factors as the expansion of the quantity of connections, the wholesale supply of water for the Municipality of Sumaré, the entrance into an operation with a penitentiary unit in the Municipality of Hortolândia, as well as the resume of growth post 2009 crisis in the industrial category, altogether, have contributed to the increase in the volume invoiced.

3. Revenue from construction

Revenue from construction presented a R\$ 2.0 million decrease, or 0.4%, when compared to 1Q10, from R\$ 452.2 million to R\$ 450.2 million, resulting from lower investment in the period.

4. Volume invoiced

In the following charts are demonstrated the volumes invoiced of water and sewage, according to the category of use and region, in the 1T10 and 1T11.

QUARTER

VOLUME INVOICED WATER AND SEWAGE PER CATEGORY OF USE - millions of m³

By Category	Water			Sewage			Water + Sewage		
	1Q10	1Q11	Var. %	1Q10	1Q11	Var. %	1Q10	1Q11	Var. %
Residential	364.6	373.4	2.4	294.1	303.6	3.2	658.7	677.0	2.8
Commercial	40.3	41.3	2.5	37.0	38.3	3.5	77.3	79.6	3.0
Industrial	9.0	9.4	4.4	9.3	9.9	6.5	18.3	19.3	5.5
Public	11.2	12.2	8.9	9.1	9.5	4.4	20.3	21.7	6.9
Total Retail	425.1	436.3	2.6	349.5	361.3	3.4	774.6	797.6	3.0
Wholesale	72.5	74.1	2.2	8.1	7.5	(7.4)	80.6	81.6	1.2
Reuse Water	0.1	0.1	-	-	-	-	0.1	0.1	-
Grand Total	497.7	510.5	2.6	357.6	368.8	3.1	855.3	879.3	2.8

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**VOLUME INVOICED WATER AND SEWAGE PER REGION - millions of m³**

Per Region	Water			Sewage			Water + Sewage		
	1Q10	1Q11	Var. %	1Q10	1Q11	Var. %	1Q10	1Q11	Var. %
Metropolitan	277.2	285.3	2.9	233.7	241.3	3.3	510.9	526.6	3.1
Regional (2)	147.9	151.0	2.1	115.8	120.0	3.6	263.7	271.0	2.8
Total retail	425.1	436.3	2.6	349.5	361.3	3.4	774.6	797.6	3.0
Bulk	72.5	74.1	2.2	8.1	7.5	(7.4)	80.6	81.6	1.2
Reuse Water	0.1	0.1	-	-	-	-	0.1	0.1	-
Grand Total	497.7	510.5	2.6	357.6	368.8	3.1	855.3	879.3	2.8

(1) Not audited

(2) Comprised by the coastal region and country side

5. Costs, selling and administrative expenses

In the 1Q11, the costs of products and services provided, administrative and commercial expenses, had an increase of 27.2% (R\$ 399.2 million). The proportion of the costs and expenses in the net revenue decreased from 67.9% in the 1Q10 to 81.4% in the 1Q11.

	In millions of R\$			
	1Q10	1Q11	Variation R\$	Variation %
Payroll and related charges	357.3	556.5	199.2	55.8
General supplies	34.4	37.2	2.8	8.1
Treatment supplies	36.1	45.6	9.5	26.3
Services	215.4	231.4	16.0	7.4
Electricity	130.2	141.3	11.1	8.5
General expenses	72.7	127.4	54.7	75.2
Tax expenses	27.1	27.4	0.3	1.1
Subtotal	873.2	1,166.8	293.6	33.6
Depreciation and amortization	143.0	228.1	85.1	59.5

Treasury Shares

30

Credits write-off	10.4	33.1	22.7	218.3
Subtotal	1,026.6	1,428.0	401.4	39.1
Construction costs	441.6	439.4	(2.2)	(0.5)
Costs, and administrative and selling expenses	1,468.2	1,867.4	399.2	27.2
Percentage of Net Revenue (%)	67.9	81.4		

5.1. Salaries and payroll charges

In the 1Q11 there was an increase of R\$ 199.2 million or 55.8% in salaries and payroll charges, going from R\$ 357.3 million to R\$ 556.5 million as a result of the following factors:

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

- 5.05% of salary adjustment as of May, 2010;
- Complement to actuarial liability in the amount of R\$ 157.5 million, referring to the actuarial calculation made in December 31, 2010 related to the Plan G0; non-recurring to upcoming quarters;
- Variance in the provision for Profit Sharing in the amount of R\$ 7.2 million as a consequence of the reversal of the amounts accrued in 1Q10.

5.2. General Supplies

In the 1Q11 there was a decrease of R\$ 2.8 million, or 8.1%, when compared to the same period in the previous year, from R\$ 34.4 million to R\$ 37.2 million. The main factors that caused this variance were greater expenses with maintenance materials in the producers and adductor systems, water and sewage treatment stations and elevation stations in the Metropolitan Region of Sao Paulo – RMSP, in the amount of R\$ 2.5 million.

5.3. Treatment Materials

The expenditures in 1Q11 were higher than in 1Q10 by R\$ 9.5 million, or 26.3%, going from R\$ 36.1 million to R\$ 45.6 million. This variance is related to the following factors:

- Increase of R\$ 5.4 million in the consumption of ferric sulfide and aluminum poly-chloride in replacement of aluminum sulfide caused by the worsening in the quality of water in the Water Treatment Station of Alto da Boa Vista, Rio Claro and Botucatu; and
- Increase of R\$ 3.6 million due to higher consumption of copper sulfide and activated charcoal, extremely seasonal products, which consumption varies according to the climate physical conditions of the reservoirs, caused by the proliferation of algae, flavor and smell in reservoirs that serve the producing system of Alto Tiete.

The consumption verified in 1Q10 was below normal, in function of the quality of water at that time, that is, there was a rupture in the trend of expenditures with treatment material. Therefore, the comparison with 1Q11 results is an apparently large evolution. Had this rupture not occurred, the evolution would have been 7.8%. Considering an average inflation of 6.1%, the real increase would be 1.6%.

5.4. Services

In 1Q11, this item presented an increase of R\$ 16.0 million or 7.4%, from R\$ 215.4 million to R\$ 231.4 million. The main factors that contributed to such variation were:

- Agreement with Sao Paulo City Hall

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

ü Increase of R\$ 12.8 million in the provision made in 1Q11, referring to the actions established;

ü Actions for control to loss of water in the amount of R\$ 5.9 million resulting mainly from the maintenance of networks and connections of water and sewage and increase in fraud prevention actions; and

ü Increase of R\$ 0.6 million resulting from the transportation of sediments of Lake Parque do Ibirapuera and Parque da Aclimação;

- Expenditures with risky contracts for the recovery of credits, in the amount of R\$ 2.2 million due to the increase of collection actions;

- Postal charges in the amount of R\$ 2.0 million related to the delivery of water bills in some Business Units due to judicial order;

- Hydrometer reading and delivery of bills in the amount of R\$ 2.0 million due to the implementation of the Regional Systems of new technologies in several municipalities that allow higher security and agility in reading and issuance of bills, in addition to the increase in the number of connections and enhancement of actions to control losses in the RMSP; and

- Contracting of freight and transportation services in the amount of R\$ 1.0 million as a result of outsourcing of transportation of chemical products.

The following services presented a decrease:

- Broadcast of advertising campaigns with decrease of R\$ 8.9 million, resulting from the finalization of contracts such as: Onda Limpa, SPTV 2nd Edition, Corrego Limpo Phase 2, among others; and

- Costs with consulting, advisory and specialized services with decrease of R\$ 4.5 million due to the contracts such contracts including: organizational restructuring, implementation of value-added management.

5.5. Electric Energy

In the 1Q11, this item presented an increase of R\$ 11.1 million or 8.5%, from R\$ 130.2 million to R\$ 141.3 million.

This result is associated to the weighted average tariff increase between the free market and the captive market around 4.5% and for the increase around 5.7%, which was impacted by the entrance into operation of new operating units.

5.6. General Expenses

In 1Q11 there was an increase of R\$ 54.7 million or 75.2%, from R\$ 72.7 million to R\$

127.4 million. The factor that contributed the most to such increase was the provision of R\$ 76.1 million as provided by the contract with the Municipality of Sao Paulo, which corresponds to 7.5 % of the gross revenues of the capital, deducting contributions to Cofins and Pasep, calculated as of the date of execution of the contract, occurred in June 23, 2010.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

This increase was partially offset by the lower need to accrue provision for judicial contingencies related to 1Q10, in the amount of R\$ 32.8 million.

5.7 Depreciation and Amortization

This item presented an increase of R\$ 85.1 million or 59.5%, from R\$ 143.0 million to R\$ 228.1 million, resulting from the adjustment of the amortization period for the lower between the useful life of the item or the effectiveness of the contract.

5.8. Credit Write-offs

In 1Q11, the credit write off presented an increase of R\$ 22.7 million, varying from R\$ 10.4 million to R\$ 33.1 million, mainly due to the need to complement the provision on the invoicing of Public Entities, not made in 1Q10, as well as the lower credit recovery through the receipt of private customers related to the same period in 2010.

6. Financial Income and Expenses

	R\$ million			
	1Q10	1Q11	Variation	%
Financial expenses				
Interest and charges on domestic loans and financing	81.5	120.1	38.6	47.4
Interest and charges on foreign loans and financing	15.7	19.3	3.6	22.9
Interest judicial proceedings	106.3	28.7	(77.6)	(73.0)
Other financial expenses	17.5	8.4	(9.1)	(52.0)
Total financial expenses	221.0	176.5	(44.5)	(20.1)
Financial income	40.0	78.8	38.8	97.0
Financial expenses, net of income	181.0	97.7	(83.3)	(46.0)

6.1. Financial expenses

Treasury Shares

In the 1Q11 there was an increase of R\$ 44.5 million, or 20.1%. The main factors that influenced this result were:

- Reduction in the amount of financial expenses related to judicial proceedings in the amount of R\$ 77.6 million, resulting from the lower need of provision; and
- The interests on internal loans and financings presented an increase of R\$ 38.6 million, due to new funding such as: (i) the 12th issuance of debentures occurred in June, 2010, (ii) 13th issuance of debentures occurred in January, 2011 and (iii) the disbursements with loan agreements already executed.

Page : 21

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**6.2. Financial income**

The financial income presented an increase of R\$ 38.8 million mainly related to gains with financial investment due to higher cash available for investment.

7. Income and expenses with monetary variation

	R\$ million			
	1Q10	1Q11	Variation	%
Monetary variation on loans and financing	26.0	19.8	(6.2)	(23.8)
Exchange variation on loans and financing	24.2	(69.1)	(93.3)	(385.5)
Other monetary variations	11.6	14.5	2.9	25.0
Positive monetary variations	61.8	(34.8)	(96.6)	(156.3)
Negative monetary variations	23.4	12.2	(11.2)	(47.9)
Net monetary variations	38.4	(47.0)	(85.4)	(222.4)

7.1. Expenses with monetary variation

The effect of foreign exchange income in the 1Q11 was R\$ 96.6 million lower to the same period of 1Q10. This variance is due to:

- The foreign exchange on external loans and financings generated a negative impact in the amount of R\$ 93.3 million resulting from the 2.3% devaluation of the U.S. dollar in the 1Q11 versus a 2.3% appreciation in the 1Q10.
- Monetary variations on internal loans and financings decreased R\$ 6.2 million, mainly due to the reduction of R\$ 8.3 million resulting from the IGPM variation in 2.43% in 1Q11, as compared to the variation of 2.77% in 1Q10; and the increase of R\$ 2.1 million due to the higher variation of the TR in 1Q11 of 0.25%, as compared to 1Q10 of 0.08%; and

- Other monetary variances on indemnification of judicial law suits with an increase of R\$ 2.9 million.

7.2. Income from monetary variance

The income from monetary variation presented a decrease of R\$ 11.2 million. This result arose mainly from updating installment agreements and restatement of deposits referring to judicial suits occurred in 1Q10.

8. Operating Indicators

Page : 22

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

In the last 12 months, the loss ratio remained steady around 26% due to the discontinuity of the maintenance services of water networks provided by third parties and problems from contractual transition. In the second half of 2010, the works entered into normal course which shall bring the ratio back to the track planned. However, as the ratio is a 12-month moving average, the effects of such actions have not yet been impacted.

Operational Indicators*	1Q10	1Q11	Variation %
Water connections (1)	7,161	7,332	2.4
Sewage connections (1)	5,563	5,758	3.5
Population directly served by water supply (2)	23.4	23.7	1.3
Population served by sewage collection (2)	19.7	20.1	2.0
Number of employees	15,165	15,153	(0.1)
Water volume produced	732.0	755.3	3.2
Water loss (%)	25.7	26.2	1.9

(1) In Thousand units at the end of the period.

(2) In thousands of people at the end of the period. It does not include wholesale invoicing.

(3) In millions of m3 accumulated at the end of the period.

*** Non audited**

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

EXPLANATORY NOTES

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

1. OPERATIONS

Companhia de Saneamento Básico do Estado de São Paulo - SABESP (“SABESP” or the “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, and supplies treated water on a bulk basis and provides 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 objective to be recognized as the company that has universalized the sanitation services in its area of operation, focused on the customer, in a sustainable and competitive way, with excellence in environmental solutions.

In March 31, 2011, the Company operated the water and sewage services in 364 municipalities of the State of São Paulo, having temporarily ceased the operation of the municipalities of Itapira, Aracoiaba da Serra, Iperó, Cajobi and Álvares Florense due to judicial orders, which suits are in progress. In the majority of these municipalities, the operations result from concession contracts executed for 30 years. 104 concessions were expired on March 31, 2011 being that all of them are in negotiation phase with the municipalities. Between 2011 and 2033, 44 concessions will expire. The remaining of these concessions operate under a rollover basis. These concessions with indefinite term and expired concessions under renegotiation, are amortized over the useful lives of the underlying assets. Up to March 31, 2011, 216 program contracts were executed.

Management expects that all the expired concessions will be renewed or extended, thus there will not be a discontinuity of the water supply and sewage collection in these municipalities. On March 31, 2011 the net book value of intangible used in the 104 municipalities where the concessions are under negotiation totaled R\$ 5,768 million and the net revenue for the period ended on March 31, 2011 totaled R\$ 597.3 million.

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

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 do not arise from the accounting and/or financial statements, have not been examined by the independent auditors.

Page : 24

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The present quarterly information was approved by the Board of Directors on May 12, 2011.

2. PRESENTATION OF THE QUARTERLY FINANCIAL STATEMENTS

(i) Presentation of the Quarterly Information

The consolidated quarterly information of March 31, 2011 was prepared based on CPC 21 – Interim Financial Information (individual and consolidated) and the international standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB) consolidated, and is presented in a form conducive to the norms issued by CVM, applicable to the preparation of Quarterly Information – ITR. Thus, therefore, these IFRS consider the Circular Office Memorandum CVM/SNC/SEP 003 of April 28, 2011 which allows that the entities present selected explanatory notes, in case of redundancy of information already disclosed in the Annual Financial Information. The quarterly information for the period ended on March 31, 2011, therefore, do not include the notes and disclosures by the CPC (“Committee of Accounting Pronouncements”) for the annual consolidated financial statements and, consequently, must be read together with the consolidated financial information in CPC’s and IFRS for the year ended on December 31, 2010.

(ii) Individual and Consolidated Financial Information

The individual financial information are being disclosed together with the consolidated financial information and were prepared in a form conducive to the disclosure by note 2 of the Annual Financial Statements.

The consolidated financial information was prepared according to the accounting Standards adopted in Brazil and the IFRS – International Financial Reporting Standards, that includes the statements of SABESP and its subsidiaries: Sesamm – Serviços de Saneamento de Mogi Mirim S/A, Águas de Andradina, Saneagua Mairinque, Aquapolo Ambiental and Attend Ambiental which were all included to the proportion of their equity interest. The Company maintains shared controlling interest, which have the same fiscal year of the joint controlled companies. The accounting policies of its subsidiaries are in line with Company’s policies. The consolidation process of assets, liabilities and income statements consists in adding the balances of assets, liabilities, revenues and expenses, according to their nature, eliminating the equity interests of the holding in the capital stock and accumulated result of the consolidated company.

Although SABESP's equity interest in the Capital Stock of its subsidiaries is not majority interest, the shareholders' agreement considers the veto power on certain management matters, indicating participative shared control. Therefore, the financial information was proportionally consolidated.

The consolidated companies were:

Sesamm

On August 15, 2008, the Company, together with the companies OHL Medio Ambiente, Inima S.A.U. Unipersonal ("Inima"), Tecnicas y Gestion Medioambiental S.A.U. ("TGM") and Estudos Tecnicos e Projetos ETEP S/A, with duration of 30 years counted

from the date of execution of the concession contract with the municipality, which corporate object is the provision of services of complement to the implementation of system of sewage separation and the implementation of sewage treatment system of the municipality of Mogi Mirim, including the disposal of the solid waste generated.

Page : 25

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

In March 31, 2011, Sesamm's capital stock was R\$ 10,669 divided into 10,669,549 nominative common shares, with no par value, of which SABESP holds 36% equity interest and Inima holds 36% of equity interest. The Company has concluded that both companies, SABESP and Inima, hold joint control over Sesamm. Therefore, SABESP records its equity interest in Sesamm by the proportional consolidation method, equivalent to 36% on assets, liabilities, revenues and expenses of Sesamm.

In March 31, 2011, the operations of Sesamm had not been started.

Águas de Andradina

On September 15, 2010, the Company, together with the company Companhia de Aguas do Brasil – Cab Ambiental, organized the company Aguas de Andadina S.A. with undetermined duration, which corporate object is to provide water and sewage services to the Municipality of Andradina.

On March 31, 2011, the company's capital stock was R\$ 122 divided into 121,997 nominative common shares, with no par value, of which SABESP holds 30% of equity interest.

The operations started on October, 2010.

Saneaqua Mairinque

On June 14, 2010, the Company, together with the company Foz do Brasil S.A., organized the company Saneaqua Mairinque S.A., with undetermined duratuion, which corporate object is to explore the public service of water and sewage of the municipality of Mairinque.

On March 31, 2011, the company's capital stock was R\$ 2,000, divided into 2,000,000 nominative common shares with no par value, of which SABESP holds 30% equity interest.

The operations started on October, 2010.

Aquapolo Ambiental S.A.

On October 08, 2009, the Company, together with the company Foz do Brasil S.A., organized the company Aquapolo Ambiental, which corporate objective is the production, supply and commercialization of water for reuse for the company Quattor Quimica S.A.; Quattor Petroquimica S.A.; Quattor Participacoes S.A and other companies that integrate the Petrochemical Polo.

Page : 26

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

On March 31, 2011 the company's capital stock was R\$ 31,429, divided into 35,684,420 nominative common shares with no par value, of which SABESP holds 49% of equity interest.

The beginning of operations is scheduled for April, 2012.

Águas de Castilho

On October 29, 2010, the company, together with the Companhia de Aguas do Brasil – Cab Ambiental, organized the company Aguas de Castilho which corporate object is the provision of services of water and sewage in the municipality of Castilho.

On March 31, 2011, the company's capital stock was R\$ 65, divided into 65,600 nominative common shares with no par value, of which SABESP holds 30% equity interest.

The operations started on January, 2011.

Attend Ambiental

On August 23, 2010, the Company, together with Companhia Estre Ambiental S/A, organized the company Attend Ambiental S/A which corporate objective is the implementation and operation of a pre-treatment station of non domestic effluents and mud conditioning, in the metropolitan region of the capital of the State of São Paulo, as well as the development of other related activities and the creation of similar infrastructure in other locations, in Brazil and abroad.

On March 31, 2011, the company's capital stock was R\$ 2,000 divided into 2.000,000 nominative common shares with no par value, of which SABESP holds 45% equity interest.

The operations started in January, 2011.

Treasury Shares

A summary of SABESP's equity interest in the financial statements of these subsidiaries is presented below

	March 31, 2011					
	SESAMM 36%	ÁGUAS DE ANDRADINA 30%	ÁGUAS DE CASTILHO 30%	<u>SANEAQUA</u> <u>MAIRINQUE</u> 30%	<u>AQUAPOLO</u> <u>AMBIENTAL</u> 49%	ATTEND AMBIENTAL 45%
Current assets	1,489	321	39	889	13,987	644
Non-Current Assets	7,275	368	51	23	56,154	21
Current Liabilities	986	290	68	144	814	114
Non-Current Liabilities	4,924	554	97	31	55,341	-
Equity	2,854	(155)	(74)	737	13,986	551
Operating revenue	-	483	27	567	-	-
Operating expense	(229)	(512)	(97)	(498)	(167)	(362)
Net financial income	12	-	-	11	-	13
Income (loss) for the year	(217)	(19)	(70)	80	(167)	(349)

Page : 27

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	December 31, 2010			
	SESAMM	ÁGUAS DE	SANEAQUA	AQUAPOLO
	36%	ANDRADINA	MAIRINQUE	AMBIENTAL
		30%	30%	49%
Current assets	420	178	851	13,798
Non-Current Assets	5,353	106	10	46,094
Current Liabilities	2,702	119	177	1,331
Non-Current Liabilities	-	301	9	53,909
Equity	3,071	(136)	675	4,652
Operating revenue	-	247	447	-
Operating expense	(638)	(451)	(384)	(1,023)
Net financial income	95	-	12	0
Income (loss) for the year	(543)	(204)	75	(1,023)

2.1 Accounting policies

The accounting policies used in the preparation of the quarterly information for the quarter ended on March 31, 2011 are consistent with those used to prepare the Annual Financial Statements referring to the year ended on December 31, 2010. In the Annual Financial Statements, these policies are disclosed in note 3.

2.2 New standard, changes to standards that are not in force

Standard	Main requirements	Effective date
IFRS 9, “Financial Instrument” replacement to IAS 39	(a) Phase I – Recognition and measurement The majority of the requirements for financial liabilities have not changed, however, there were some changes to the fair value option for financial liabilities to address the company’s own credit risk.	The effective date is January 1st, 2013. Early adoption is still not available in Brazil. IASB’s expectation is that the process of replacement from IAS 39 to IFRS 9 to be completed in the second half of 2011.

**(b) Phase II – Impairment
Methodology**

The period of comments went up to April 1st, 2011 and is in process of analysis.

**(c) Phase III - Hedge
accounting**

The period of comments went up to March 9th, 2011 and is in process of analysis.

3. Financial Risk Management

3.1 Financial Risk Factors

Page : 28

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The Company's operations are affected by the Brazilian economic scenario, exposing it to market risk, such as foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Company has not used derivative financial instruments, even being able to contract forward foreign exchange contracts and financing in Reais to reduce the foreign currency risk.

(a) Market Risk**Foreign Currency Risk**

This risk arises from the possibility that the Company may incur in losses due to exchange rate fluctuations, which would increase the liability balances of foreign currency-denominated loans and financing obtained in the market and the related financial expenses. The Company does not have hedge or swap contracts to hedge against this risk, in view of the amounts, costs involved and opportunities. However, when possible, it makes advance purchases of foreign currencies and obtains funding in local currency, as a way to protect itself against exchange rate fluctuations.

A significant part of the Company's financial debt was denominated in U.S. dollar and in Yen, in the total amount of R\$ 2,556,642 on March 31, 2011 (R\$ 2,244,635 on December 31, 2010). The Company's exposure to foreign currency risk is the following:

	March, 31 2011		December, 31 2010	
	Foreign currency	R\$	Foreign currency	R\$
Loans and financing – US\$	1,082,277	1,762,705	1,084,898	1,807,657
Loans and financing – Yen	40,489,000	793,989	21,316,000	436,978

On March 31, 2011, had the Real appreciated or devaluated in approximately 10% as compared to the dollar and the Yen with all other variables constant, the effect on the income after taxes for the period would have been R\$ 170,001 (2010 – R\$ 148,146), lower or higher, mainly as a result of the foreign currency gains or losses with the conversion of loans to foreign currency.

Simulation of appreciation/depreciation of the Real by 10%	<u>March, 31 2011</u>	<u>December, 31 2010</u>
Loans in foreign currency	2,575,765	2,244,635
Variation of Dollar/Yen	10%	10%
Appreciation or depreciation of the Real	257,577	224,464
Income Tax/Social Contribution Tax Rate	34%	34%
Income tax / Social contribution	87,576	76,318
Appreciation or depreciation of the Real, net of taxes.	170,001	148,146

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**Interest rate risk**

This risk arises from the possibility that the Company may incur losses due to interest rate fluctuations and indices that increase their interest expenses on loans and financing.

The Company has not entered into any derivative contract to hedge against this risk; however, it continually monitors market interest rates, in order to evaluate the possible need to replace its debt.

The table below shows the Company's loans and financings expressed in Reais subject to variable interest rate:

	March, 31 2011	December, 31 2010
UPR ⁽ⁱ⁾	2,434,452	2,529,398
CDI ⁽ⁱⁱ⁾	1,965,254	2,009,391
IGP-M ⁽ⁱⁱⁱ⁾	519,102	493,869
TJLP ^(iv)	693,238	703,710
IPCA ^(v)	235,413	223,996
Total loans and financings in local currency.	5,847,459	5,960,364

(i) UPR - Reference Standard Unit

(ii) CDI - Interbank Certificate of Deposit

(iii) IGP-M - General Index of Market Prices

(iv) TJLP - Long Term Interest Rate

(v) IPCA - National Wide Consumer Price Index

Another risk faced by the Company is the lack of correlation between the monetary adjustment indices of its debt and those of its receivables. Water supply and sewage treatment tariffs do not necessarily follow the increases in the interest rates affecting the Company's debt.

On March 31, 2011, had the interest rates on loans kept in reais varied around 1% higher or lower, with all other variables constant, the effect on the income after taxes would have been R\$ 38,593 (2010 – R\$ 39,338) higher or lower, mainly as a result of lower or higher interest expenses in loans with variable rates.

(b) Credit risk

The credit risk results from cash equivalents, bank deposits and financial institutions, as well as credit exposure to customers, including outstanding accounts receivable. The Company must, by law, invest its excess cash exclusively with Banco do Brasil (rating AA+(bra)). The credit risks are mitigated due to sale to a widely spread out customer base.

The maximum exposure to credit risk at the date of presentation of the report is the carrying amount of securities classified as cash equivalents, deposits in Banks and financial institutions and accounts receivable from customers at the date of the balance sheet. Notes 4.3 (e), 8, 9 and 10.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

(c) Liquidity Risk.

The Company's liquidity depends mainly on the cash generated by the operating activities, loans from financial institutions of the state and federal government and financings in the local and international markets. The liquidity risk management considers the assessment of liquidity requirements to ensure that the Company has enough cash to meet its operating and capital expenditures.

The table below analyzes the Company's financial liabilities, by maturity dates, including the portion of principal and interests to be paid in accordance with contractual clauses.

	HOLDING 2013,				
	April to December 2011	2012	2014 e 2015	2016 onwards	Total
In March 31, 2011					
Loans and financing	1,388,577	1,966,915	3,535,534	4,624,284	11,515,310
Contractors and suppliers	156,295	-	-	-	156,295
Other payables	438,083	-	-	-	438,083
In December 31, 2010					
Loans and financing	1,744,324	2,071,161	3,834,599	4,880,026	12,530,110
Contractors and suppliers	142,634	-	-	-	142,634
Other payables	326,507	-	-	-	326,507

There are no guarantees provided by the Company to be disclosed.

(d) Sensitivity analysis

Following is presented the table demonstrating the sensitivity analysis of the financial instruments that may generate significant impacts to the Company, under the terms of CVM instruction nr. 475/2008, in order to demonstrate the amounts of the main financial liabilities converted at a projected rate for final settlement of each contract, converted to fair value (Scenario I) with 25% appreciation (Scenario II) and 50% appreciation (Scenario III).

Financial Instruments	Risk	03/31/2011		
		Scenario I	Scenario II	Scenario III
		R\$	R\$	R\$
Financial Liability				
Loans and Financings				
Banco do Brasil, CEF	Increase in UPR	1,995,893	2,154,587	2,837,282
Debentures	Increase in IGPM	529,549	546,438	584,641
Debentures	Increase in IPCA	255,323	363,528	373,363
Debentures	Increase in CDI	1,996,964	2,662,618	3,993,928
Debentures	Increase in TJLP	187,428	199,243	205,239
BID and Eurobonds	Increase in the US\$	2,061,306	2,136,190	2,220,311
JICA	Increase in the Yen	848,872	870,976	895,260

The indexes used for each scenario are based on the number of days to elapse for each contract, the amounts expressed above were summarized.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The rates were projected based on the settlement dates of each financial instrument; the information was obtained out of BM&F website.

These sensitivity analysis have the objective to measure the impact of the changes in the market variables on the Company's financial instruments. Such amounts, when settled, may present values different from those demonstrated above, due to the estimates used in their preparation process.

(e) Credit quality of the financial assets

The credit quality of the financial assets that are not past due or subject to provision for loss may be assessed upon reference to the external credit classifications (if any) or to the historical information on the default ratio of the counterparties. For the credit quality of the counterparties that are not financial institutions, like deposits and financial investments, the Company considers the lowest rating of the counterparty disclosed by the three main international credit rating agencies (Moody's, Fitch and S&P), pursuant internal policy of market risk management.

	HOLDING	
	March 31,2011	December 31,2011
Current account and short-term bank deposits		
brAAA	29,179	27,673
brAA+	2,355,767	1,945,697
Other (*)	12,126	14,634
	2,397,072	1,988,004

(*) Included in this category were deposit accounts and investment funds in Banks that do not have evaluation by the three rating agencies used by the Company.

We present, as follows, a table with the rating assessment of the financial institutions that are counterparties with which the Company had business during the period:

Counterparty	<u>Fitch</u>	<u>Moody's</u>	Standard Poor's
Treasury Shares			57

Banco do Brasil S.A.	AA+(bra)	Aaa.br	brAAA
Banco Santander Brasil S.A.	AAA (bra)	Aaa.br	brAAA
Caixa Economica Federal	AA+ (bra)	Aaa.br	-
Banco Bradesco S.A.	AAA (bra)	Aaa.br	brAAA
Itaú Unibanco Holding S.A.	AAA (bra)	Aaa.br	AAAbr

3.2 Capital management

The Company's objectives in managing its capital are the safeguard the continuity capacity to offer return to shareholders and benefits to the other stakeholders, in addition to maintain an ideal capital structure to reduce this cost.

The Company monitors capital based on financial leverage ratio. This ration corresponds to the total debt divided by the total capital. The net debt, by its turn, corresponds to the total loans and financings deducted from the amount of cash and

cash equivalents. The total capital is calculated through the sum of net equity, as demonstrated in the consolidated balance sheets, to net debt.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	HOLDING	
	March 31,2011	December 31,2010
Total loans and financing	8,423,224	8,209,292
Less: cash and cash equivalents	(2,397,072)	(1,988,004)
Net debt	6,026,152	6,221,288
Total equity	9,864,593	9,681,800
Total Capital	15,890,745	15,903,088
Leverage Ratio	37.9%	39.1%

On March 31, 2011, the leverage ratio of the Company was reduced to 37.9%, as compared to 39.1% on December 31, 2010, due to the increase in the financial investments.

3.3 Fair value estimate

The Company applies CPC 40 to financial instruments measured by the fair value in the balance sheets, which requires fair value measurement in accordance with the following hierarchy of fair value measurement:

- . Quoted prices (not adjusted) in active markets for identical assets and liabilities (level 1).
- . Information other than quoted prices included in level 1, that are observable for assets or liabilities, whether directly (that is, price) or indirectly (that is, derived from prices)(level 2).
- . Insertions for asset or liability that are not based on observable market data (non observable inputs)(level 3).

The sole financial instrument evaluated at fair value maintained by the Company is represented by short term investments in bank certificates of deposit (CDB), classified as cash equivalents, in the amounts of R\$ 2,321,709 and R\$ 1,852,588 on March 31, 2011 and December 31, 2010, respectively. These investments are financial assets

measured at fair value by means of the result, measured pursuant level 2.

3.4 Financial instruments

The Company operates with several financial instruments, with highlight for cash and cash equivalents, including financial investments, and loans and financings as described below.

The estimated fair value of the financial instruments is the following:

Page : 33

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	HOLDING			
	March 31,2011		December 31,2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	2,397,072	2,397,072	1,988,004	1,988,004
Restricted cash	292,369	292,369	302,570	302,570
Accounts receivable, net	1,330,678	1,330,678	1,323,886	1,323,886
Balances with related parties, net	358,937	358,937	368,848	368,848
Judicial Deposits	39,391	39,391	43,543	43,543
Financial liabilities				
Loans and financing	8,423,224	10,191,193	8,209,292	9,644,938
Contractors and suppliers	156,295	156,295	142,634	142,634

	CONSOLIDATED			
	March 31,2011		December 31,2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	2,399,844	2,399,844	1,989,179	1,989,179
Restricted cash	292,369	292,369	302,570	302,570
Accounts receivable, net	1,331,155	1,331,155	1,324,157	1,324,157
Balances with related parties, net	358,937	358,937	368,848	368,848
Judicial Deposits	39,391	39,391	43,543	43,543
Financial liabilities				
Loans and financing	8,483,494	10,257,549	8,264,615	9,698,547
Contractors and suppliers	158,161	158,161	144,043	144,043

For achieving the market value of the Financial Instruments, the following criteria have been adopted:

- (i) Foreign currency financings are controlled in the original currency, converted using the foreign exchange rate at the balance sheet date, discounted to present value using the market future exchange rate obtained at

Bloomberg, based on the Company's securities traded in the external market. Additionally, the Company has an instrument indexed to the Yen (JICA) which, in addition to the assumptions described above, was considered in the calculation to present value the parity of the original foreign currency of the instrument in relation to the U.S. dollar.

(ii) Debentures are considered at nominal value updated with contractual interest rate until the maturity date and discounted to present

value using the market future interest rates, published by ANBIMA in the secondary market, as of March 31, 2011 and the Company's securities traded in the Brazilian market.

Page : 34

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

(iii) Financings – BNDES are instruments considered at nominal value updated with contractual interest rate until the maturity date, that are indexed by the TJLP, which is a specific modality, not being compared to any other market rate. Therefore, the Company has elected to disclose as the market value the carrying amount recorded on March 31, 2011.

(iv) Other financings in local currency are considered at nominal value updated with contractual interest rate until the maturity date, discounted to present value using the market future interest rate obtained in BM&FBOVESPA website.

4. MAIN ACCOUNTING ESTIMATES AND ASSESSMENTS

The estimates and assessments are continuously evaluated based on the historical experience and other factors, including the expectations of future events that are believed to be reasonable according to the circumstances. There was no change regarding the presentation of December 31, 2010, pursuant to Note 5.

5. CASH & CASH EQUIVALENTS

	HOLDING		CONSOLIDATED	
	<u>March 31,2011</u>	<u>December 31,2010</u>	<u>March 31,2011</u>	<u>December 31,2010</u>
Cash and Banks	75,363	135,416	76,973	136,002
Cash Equivalents	<u>2,321,709</u>	<u>1,852,588</u>	<u>2,322,871</u>	<u>1,853,177</u>
	2,397,072	1,988,004	2,399,844	1,989,179

6. RESTRICTED CASH

Treasury Shares

On March 31, 2011, the Company recorded restricted cash, in current assets, in the amount of R\$ 292,369, referring to the last installment to be released of the 12th issue of debentures, in the amount of R\$ 176,288 and to the collection related to rendering services to entities connected to the City Hall of the Municipality of São Paulo, net of taxes, in the amount of R\$ 116,081. These proceeds must be reinvested in the water and sewage system of the city of Sao Paulo.

7. ACCOUNTS RECEIVABLE FROM CUSTOMERS

(a) Balances

Page : 35

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	HOLDING	
	Mar/11	Dec/10
Private sector		
General and special customers (i) (ii)	848,560	827,990
Agreements (iii)	252,243	250,300
	1,100,803	1,078,290
Governmental entities		
Municipal	560,728	556,212
Federal	3,240	2,645
Agreements (iii)	172,342	170,892
	736,310	729,749
Wholesale customers- Municipal Administration Offices		
(iv)		
Guarulhos	477,370	462,221
Mauá	227,221	220,228
Mogi das Cruzes	21,455	18,818
Santo André	505,093	489,486
São Caetano do Sul	3,680	3,537
Diadema	<u>153,430</u>	<u>149,155</u>
Wholesale total - Municipal City Halls	1,388,249	1,343,445
Unbilled supply	<u>390,212</u>	<u>391,822</u>
Subtotal	3,615,574	3,543,306
Allowance for doubtful accounts	<u>(2,284,896)</u>	<u>(2,219,420)</u>
Total	<u>1,330,678</u>	<u>1,323,886</u>
Current	969,335	971,047
Non-current (v)	361,343	352,839

The consolidated balance totals the amount of R\$ 1,331,155 (Dec./10 – R\$ 1,324,157), being R\$ 477 the difference regarding the holding's balance, referring to the accounts receivable from subsidiaries, Aguas de Andradina, R\$ 304, Saneaqua Mairinque, R\$ 144, and Aguas de Castilho, R\$ 29.

(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) Wholesale - 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 ultimate 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.

Page : 36

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	Mar/11	Dec/10
Balance at beginning of period	1,343,445	1,182,744
Billing for services provided	90,496	353,546
Collections - current year's services	(30,083)	(183,882)
Collections - previous year's services	<u>(15,609)</u>	<u>(8,963)</u>
Balance at the end of the period	1,388,249	1,343,445
Current	28,607	38,665
Non-current	1,359,642	1,304,780

(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	
	<u>Mar/11</u>	<u>Dec/10</u>
Current	1,065,570	1,086,073
Past-due:		
Up to 30 days	168,053	150,358
From 31 to 60 days	78,234	67,539
From 61 to 90 days	47,757	45,153
From 91 to 120 days	48,283	39,084
From 121 to 180 days	71,350	73,300
From 181 to 360 days	116,763	119,967
Over 360 days	<u>2,019,564</u>	<u>1,961,832</u>
Total accrued	<u>2,550,004</u>	<u>2,457,233</u>
Total	<u>3,615,574</u>	<u>3,543,306</u>

(c) Allowance for doubtful accounts

	Mar/11	Dec/10
Beginning balance	2,219,420	1,854,231
Private sector / government entities	15,330	7,663
Wholesale customers	50,146	36,534
Additions for the period	<u>65,476</u>	<u>44,197</u>
Ending balance	<u>2,284,896</u>	<u>1,898,428</u>
Current	1,104,315	866,117
Non-current	1,180,581	1,032,311

The Company accounted for probable credit losses on accounts receivable in the first quarter of 2011 totaling R\$ 33,137 which were written off from accounts receivable and

recorded under "Selling Expenses". In the first quarter of 2010, these losses were R\$ 10,435.

Page : 37

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

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

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

	HOLDING AND CONSOLIDATED	
	<u>Mar/11</u>	<u>Dec/10</u>
Accounts Receivable		
Current:		
Water and sewage services (i)	100,079	96,004
Water and sewage services - GESP Agreement (iii), (iv) and (v)	19,875	21,360
Provision for Losses	(12,389)	(12,389)
Reimbursement of additional retirement and pension benefits - GESP Agreement (vi)	28,203	28,203
Reimbursement of additional retirement and pension benefits paid - Monthly flow (vi)	<u>4,535</u>	<u>4,594</u>
Total current	<u>140,303</u>	<u>137,772</u>
Long-term assets:		
Water and sewage services - GESP Agreement (iii), (iv) (v)	46,837	52,228
Reimbursement of additional retirement and pension benefits paid - GESP Agreement (vi)	<u>171,797</u>	<u>178,848</u>
Total noncurrent assets	<u>218,634</u>	<u>231,076</u>
Total receivable from shareholder	<u>358,937</u>	<u>368,848</u>
Provision of water and sewage services	154,402	157,203
Reimbursement of additional pension and retirement	<u>204,535</u>	<u>211,645</u>
	<u>358,937</u>	<u>368,848</u>
Interest on capital payable to related parties	194,618	194,618
Gross revenue from sales and services	<u>1th Qtr/11</u>	<u>1th Qtr/10</u>
Water sales	48,551	57,547
Sewage services	43,153	48,496

Treasury Shares

69

Receivables from related parties	(96,455)	(81,836)
Financial Income	61,346	17,704

(i) Water and sewage services

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

(ii) Reimbursement of additional retirement and pension benefits paid

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

It refers to amounts of complementary 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.

Under the terms of the Agreement referred on (iii), GESP recognizes to be responsible for the charges resulting from the Benefits, provided that the payment criteria set forth by the Department of Personnel Expenditures of the State – DDPE are met, founded on the legal guidelines set by the Legal Consulting of the Secretary of Finance and the State Attorney General's Office – PGE.

As explained in item (vi) during the validation by GESP of the amounts due to the Company for the Benefits, there were divergences as to the calculation criteria and eligibility of the Benefit applied by the Company.

On March 31, 2011 and December 31, 2010, 2,520 and 2,554 retirees, respectively, received retirement complements. In the quarters ended on March 31, 2011 and December 31, 2010, the Company paid R\$ 26,750 and R\$ 37,102, respectively. There were 25 active employees who will be eligible to these benefits as a result of their retirement, compared to 32 on December 31, 2010.

In January, 2004, the payments of retirement and pension complement were transferred to the Secretary of Finance, and would be made in accordance with the calculation criteria defined by the PGE. By judicial order, the responsibility for the payments returned to SABESP, as originally established.

(iii) GESP Agreement

On December 11, 2001, the Company, GESP (through the State Department of Finance Affairs, currently the Department of Finance) and the Department of Waters and Electric Energy – DAEE, with the intermediation of the State Department of Sanitation and Energy (former Department of Water Resources, Sanitation and Construction Works), entered into the Term of Recognition and Consolidation of Obligations, Payment Commitment and Other Covenants ("GESP Agreement") with the purpose to settle the existing dispute between GESP and the Company related to the water and sewage services and to the Benefits.

In view of the strategic importance of the reservoirs of Taiacupeba, Jundiai, Biritiba, Paraitinga and Ponte Nova (“Reservoirs”), for the assurance of the maintenance of volume of water of Alto Tiete, the Company agreed to receive them as part of the reimbursement referring to the Benefits. The Reservoirs would be transferred to the Company by the DAEE in return to the amounts owned by GESP. However, the Attorney General’s Office of the State of Sao Paulo questioned the legal validity of this agreement, which main argument is the absence of specific legislative authorization for the alienation of DAEE’s assets. The Company’s legal counsels assess the risk of loss of this suit as probable, in case it does not obtain the referred legislative authorization, which would prevent the transfer of the respective reservoirs as partial amortization of the balance receivable.

(iv) First Amendment to the GESP Agreement

Page : 39

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

On March 22, 2004, the Company and the State Government amended the terms of the original GESP Agreement, (1) consolidating and recognizing the amounts due by the State Government for water supply and sewage collection services provided, monetarily adjusted until February 2004; (2) formally authorizing the offset of amounts due by the State Government with interest on shareholders' equity declared by the Company and any other debit existing with the State Government as of December 31, 2003, monetarily adjusted until February 2004; and (3) defining the payment conditions of the remaining liabilities of the State Government for the receipt of the water supply and sewage collection services.

(v) Second Amendment to the GESP Agreement

On December 28, 2007, the Company and the State of São Paulo, intermediated by the Secretary of Treasury, signed the second amendment to the terms of the original GESP agreement, agreeing upon the payment in installments of the remaining balance of the First Amendment, amounting R\$ 133,709 at November 30, 2007, to be paid in 60 monthly and consecutive installments of the same amount, beginning on January 02, 2008. The amount of the installments will be monetarily adjusted according to the variation of the IPCA-IBGE, plus interest of 0.5% per month.

The State and SABESP agreed to resume immediately the compliance with their mutual obligations under new assumptions: (a) implementation of an electronic account management system to facilitate and speed up the monitoring of payment processes and budget management procedures; (b) structuring of the Rational Water Use Program (PURA) to rationalize the consumption of water and the amount of the water and sewage bills under the responsibility of the State; (c) establishment, by the State, of criteria for budgeting so as to avoid the reallocation of amounts to a specific water and sewage accounts as from 2008; (d) possibility of registering state bodies and entities in a delinquency system or reference file; (e) possibility of interrupting water supply to state bodies and entities in the case of nonpayment of water and sewage bills.

(vi) Third Amendment to GESP Agreement

On November 17, 2008, GESP, SABESP and DAEE, entered into the Third Amendment to the Term of Agreement of Payment Commitment, and Other Agreements, where the State recognizes 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 Company did not recognize the receivable amount of R\$ 696,283

related to the reservoirs, as it not virtually certain that will be transferred by the State. 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 Government of the State of São Paulo are working together in order to obtain the legislative authorization in order to make viable the transfer of the Reservoirs to SABESP, overcoming, therefore, the legal uncertainty caused by the Public Civil action is challenging the lack of specific legislation for the transfer of the ownership of the reservoirs.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The Third Amendment also provides for the regularization of the monthly flow of benefits. While SABESP is responsible for the monthly payments, the State shall reimburse the Company based on criteria identical to those applied in the calculation of the Uncontroversial Amount. With no longer an impeditive judicial decision, the State will directly assume the monthly payment flow of the portion considered uncontroversial.

(vii) Controversial Amount of Benefits

As mentioned before, on November 17, 2008, the Company and the State executed the Third Amendment to the GESP Agreement, in such occasion the amounts denominated as controversial and uncontroversial were quantified. In this amendment, the efforts to settle what was called the Controversial Amount is represented by the difference between the Uncontroversial Amount and the amount effectively paid by the Company as Benefits of retirement and pension complement provided by Law 4819/58, of original responsibility of the State but paid by SABESP by judicial decision.

By entering into the Third Amendment, it was provided for the reappreciation by the PGE the divergences that caused the controversial amount of the benefits provided by Law 4819/58. At the time, this expectation was based on the PGE's intention to re-appreciate the question and also in the implied right of the Company to the reimbursement, inclusively based on external technical legal opinions.

However, new opinions issued by the PGE and received on September 4 and 22, 2009 and January 4, 2010, denied the reimbursement of the portion previously defined as controversial amount.

Even though the negotiations with the State are still being maintained, it is no longer possible to ensure that the Company will recover the credits related to the Controversial Amount without dispute.

As part of the actions intended to recover the receivables that Management understands as due by the Government of the State, related to the divergences about the reimbursement of the benefits of retirement and pension complement paid by the Company, SABESP: (i) addressed, on March 24, 2010, the message to the Controlling Shareholder, forwarding the office memorandum released by the Collegiate Directors, proposing judicial action to be forwarded to the Arbitration Chamber of Bovespa (Sao Paulo Stock Exchange); (ii) in June, 2010, it forwarded to the Secretary of Finance a proposal for agreement aiming the settlement of the referred controversies. This proposal did not succeed; (iii) on November 9, 2010, it filed a judicial action against the State of Sao Paulo pleading the full reimbursement of the amounts paid as benefits provided by State Law nr. 4819/58 to finalize the discussion between the Company and GESP. Despite the judicial action, the Company will insist in reaching an agreement during the progress of the

judicial action, understanding that a reasonable agreement is better to the company and its shareholders than waiting the end of the judicial demand.

Page : 41

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The Company's Management has elected for not recognizing such amounts, due to the uncertainty of the reimbursement of the amounts. On March 31, 2011 the amounts not recorded by the Company referring to the complement of pension and retirement paid in name of the State by the Company totaled R\$ 1,244,542 (Dec/10 – R\$ 1,230,064) including the amount of R\$ 696,283 referring to the transfer of the reservoirs in the Alto Tiete system. As a result, the Company also recognized the actuarial obligation referring to the complement of the pension and retirement maintained with the employees and pensioners of Plan G0. On March 31, 2011, the amounts of the complement of pension and retirement complement of Plan G0 were R\$ 1,500,321 (Dec./10 – R\$ 1,316,706). For more information on the obligations of complement to pension and retirement, see Note 15.

(b) Agreement for the use of reservoirs

In its operations, the Company uses the Guarapiranga and Billings reservoirs and part of some reservoirs of the Upper Alto, which are owned by the Water and Electric Energy Department (DAEE); 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.

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

The Company has signed agreements with government entities related to the State Government and municipalities where it operates involving approximately 7,000 real estate's that are benefited from a reduction of 25% in the tariff of water supply and sewage collection services. These agreements provide for the implementation of the rational water use program, which takes into consideration the reduction in the consumption of water.

(d) Guarantees

The State Government grants guarantees for some loans and financing of the Company and does not charge any fees with respect to such guarantees.

(e) Contract of assignment of personnel among the entities connected to GESB

The Company has employees assigned to entities connected to the Government of the State of São Paulo, where the expenses are fully transferred and monetarily reimbursed.

On March 31, 2011, the expenditures with the employees assigned by SABESP to other state entities amounted to R\$ 1,596 (Mar/10 – R\$ 1,250).

In the same period, the Company did not have expenditures with the employees from other entities at SABESP's disposal and in March, 2010 the amount totaled R\$ 78.

(f) Services contracted from entities connected to GESP.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

On March 31, 2011 and December 31, 2010, SABESP had an outstanding amount payable of R\$ 11,460 and R\$ 11,395, respectively, referring to services provided by entities connected to the Government of the State of São Paulo. Among them, we highlight the services of electric energy supply by the Energy Company of Sao Paulo – CESP, representing 87.7% of the amount of March 31, 2011.

(g) Non-operating Assets

The Company had, on March 31, 2011 the amount of R\$ 25,371 (in December 31, 2010 - R\$ 25,371), respectively, mainly related to land granted in free lease 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.

(h) Banco do Brasil

The Company filed a declaratory action against the Department of Finance of São Paulo, nº 000317-53.2011.8.26.0053, in the 3rd Civil Court. The State of São Paulo alienated exclusive rights in bank services of the companies managed direct and indirectly by Banco Nossa Caixa, on March 27, 2007; and by Banco do Brasil on May 27, 2010. In this judicial action, the Company asks for financial compensation related to the alienation of its exclusive rights. The Company is asking for a percentage of the amounts that the Estate of São Paulo received from the financial institutions.

(i) Sabesprev

The Company sponsors the defined contribution plan managed by Fundação SABESP de Seguridade Social - Sabesprev. The net actuarial obligation, recorded up to Março 31, 2011, is R\$ 498,932 (Dec/2010 - R\$ 487,332).

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

(j) Management Fees

Treasury Shares

The compensation policy to the executive committee is set according to the guidelines of the Government of the State of São Paulo, CODEC (Council of Defense of the Capitals of the State), and is based on performance, market competitiveness of other indicators related to the Company's business and is subject to the approval by the shareholders at the General Shareholders' Meeting.

The executive compensation is limited to the State Governor's compensation, The compensation of the Board of Directors corresponds to 30% of the compensation of the Officers, conditioned to a minimum attendance to one monthly meeting.

The objective of the compensation policy is to set up a model of private management, with the purpose to incentive the maintenance in its headcount and recruit professionals gifted of competence, experience and motivation, considering the effectiveness degree currently required by the Company.

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

In addition to the monthly compensation, the members of the Board of Directors and the Executive Committee receive:

Bonuses: for purposes of compensating the Board of Directors of the companies that the State is controlling shareholder, as an incentive policy, provided that the company effectively calculates quarterly, semi-annual and annual income and distribute mandatory dividends to the shareholders, even if under the form of interests on shareholders' equity. Annual bonus cannot exceed six times the monthly compensation of the directors and officers, nor 10% of interests on shareholders' equity paid by the company, whatever is lower.

Annual award: equivalent to one monthly fee, calculated on a prorated basis, in the month of December of each year.

The purpose of such award is to establish a similarity with the thirteenth salary of the labor regime of the Company's employees, once the relationship of the directors and officers with the Company is governed by its Bylaws and not the labor code.

Benefits paid only to the Statutory Officers – meal ticket, basic basket of food, medical assistance, annual paid rest of a 30-day remunerated leave and payment of an award equivalent to one third of the monthly fees.

The compensation paid by the Company to the members of the Board of Directors and Officers was R\$ 591 and R\$ 607 for the periods ended on March 31, 2011 and 2010, respectively, and refers to short term benefits to employees and managers. An additional amount of R\$ 198 referring to the bonus program was accrued in the period from January through March, 2011 (R\$ 220 in 2010).

9. INDEMNIFICATIONS RECEIVABLE

There was no relevant information or changes, as per note 10 to the Annual Financial Statements of December 31, 2010.

10. INTANGIBLE

The balance and movement in intangible assets is as follows:

	HOLDING					
	December 31, 2010			March 31, 2011		
Intangibles resulting from:	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Concession contracts asset value (i)	13,974,819	(3,242,262)	10,732,557	14,236,216	(3,347,894)	10,888,322
Concession Contracts – economic value (ii)	706,423	(189,145)	517,278	714,652	(195,496)	519,156
Contract Program (iii)	900,686	(36,302)	864,384	1,038,678	(38,994)	999,684
Program Contracts – commitments (iv)	333,942	(22,666)	311,276	342,524	(25,473)	317,051
Service Contract – São Paulo	6,196,699	(99,837)	6,096,862	6,209,410	(199,183)	6,010,227
New Businesses (v)	12,129	(901)	11,228	13,468	(1,574)	11,894
Software License	49,458	(41,521)	7,937	49,458	(43,965)	5,493
Total	22,174,156	(3,632,634)	18,541,522	22,604,406	(3,852,579)	18,751,827

Page : 44

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	HOLDING						March 31,2011
	December 31,2010	Reclassification cost	Reclassification amortization	Additions	Retirements and disposals	Amortization	
Intangibles resulting from:							
Concession contracts	10,732,557	(8,073)	-	269,470	-	(105,632)	10,888,322
Concession agreements - economic value	517,278	8,073	-	156	-	(6,351)	519,156
Contract Program	864,384	-	-	139,790	(484)	(4,006)	999,684
Program contracts - commitments	311,276	-	-	8,582	-	(2,807)	317,051
Service Contract	6,096,862	(2,006)	2,006	16,832	(138)	(103,329)	6,010,227
New Businesses	11,228	-	-	1,339	-	(673)	11,894
Software License	<u>7,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,444)</u>	<u>5,493</u>
Total	18,541,522	(2,006)	2,006	436,169	(622)	(225,242)	18,751,827

	CONSOLIDATED					
	December 31, 2010			March 31, 2011		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Intangibles resulting from:						
Concession contracts asset value (i)	13,980,141	(3,242,270)	10,737,871	14,243,606	(3,347,902)	10,895,704
Concession Contracts – economic value (ii)	706,423	(189,145)	517,278	714,652	(195,496)	519,156
Contract Program (iii)	900,686	(36,302)	864,384	1,038,678	(38,994)	999,684
Program Contracts – commitments (iv)	333,942	(22,666)	311,276	342,524	(25,473)	317,051
Service Contract – São Paulo	6,196,699	(99,837)	6,096,862	6,209,410	(199,183)	6,010,227

Treasury Shares

83

New Businesses (v)	12,129	(901)	11,228	13,468	(1,574)	11,894
Software License	49,458	(41,521)	7,937	49,458	(43,965)	5,493
Total	22,179,478	(3,632,642)	18,546,836	22,611,796	(3,852,587)	18,759,209

Page : 45

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	CONSOLIDATED						March 31,2011
	December 31,2010	Reclassification cost	Reclassification amortization	Additions	Retirements and disposals	Amortization	
Intangibles resulting from:							
Concession contracts	10,737,871	(8,073)	-	271,538	-	(105,632)	10,895,704
Concession agreements - economic value	517,278	8,073	-	156	-	(6,351)	519,156
Contract Program	864,384	-	-	139,790	(484)	(4,006)	999,684
Program contracts - commitments	311,276	-	-	8,582	-	(2,807)	317,051
Service Contract	6,096,862	(2,006)	2,006	16,832	(138)	(103,329)	6,010,227
New Businesses	11,228	-	-	1,339	-	(673)	11,894
Software License	<u>7,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,444)</u>	<u>5,493</u>
Total	18,546,836	(2,006)	2,006	438,237	(622)	(225,242)	18,759,209

(a) Intangibles arising from concession contracts

The concession contracts provide that the assets will be reversed to the conceding power at the end of the contract.

On March 31, 2011, the Company operated in 364 municipalities in the State of São Paulo. In the most part of these municipalities, the operations are based on a 30-year concession period.

The service provided by the Company is are billed at a price regulated and controlled by the Regulating Agency of Sanitation and Energy of the State of São Paulo (ARSESP).

Intangibles resulting from concession contracts include:

Treasury Shares

(i) Concession contracts – equity amount

The contracts executed until 1998 provide that the assets will be reverted to the grantor at the end of the contract, for the residual value or market value, in accordance with the terms of each one of them. The amortization is calculated using the straight line method, which considers the useful life of the assets.

(ii) Concession agreements - economic value

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 a valuation report issued by independent experts.

Page : 46

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

The amount determined in the respective contract, after the transaction is closed with the municipal authorities, is recorded in this account and amortized over the period of the related concession line method or the useful life of assets, the shortest of the two. As of March 31, 2011 and December 31, 2010 there were no amounts pending related to these payments to the municipalities.

(iii) Program Contracts – Investments performed

Refer to the renewals of the contracts previously denominated as full concession to operating concession, through the program contracts that have as objective the supply of municipal public services or sanitation sewage, where the Company has the possession and the management of the assets acquired or construction during the effectiveness of these contracts (30 years).

The amortization of the intangible assets is performed during the effectiveness of the concession contracts by the straight line method or by the useful life of the assets, whichever is lower.

(iv) Program contracts - Commitments

After the enactment of the regulatory framework in 2007, the renewals of concessions started to be made through program contracts. In some of these program contracts, the Company assumed the commitment to financially participate in social and environmental actions. The assets constructed and the financial commitments assumed within the program contracts are recorded as intangible assets and are amortized by the straight line method in accordance with the duration of the program contract (mostly, 30 years) or by the useful life of the assets, whichever is lower.

In March 31, 2011, the amortization expenses related to the commitments of the program contracts were R\$ 2,807 (Mar/10 – R\$ 2,272).

In March 31, 2011, the amounts still not disbursed referring to the commitments of the program contracts were recorded in Other Obligations in current liabilities in the amount of R\$ 86,009 and in non-current liabilities, in the amount of R\$ 75,479.

(v) New Business

In August, 2009 was executed, with the Companhia de Saneamento de Alagoas (CASAL) the special services and technology transfer contract with the purpose to implement a program to reduce loss and revenue evasion in the Municipality of Maceio for the period of 60 months. On March 31, 2011 the amount in progress referring to this contract was R\$ 1,940.

Other information related to the concession contracts may be obtained in the Annual Financial Statements of December 31, 2010.

Page : 47

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO**(b) Capitalized interests and financial charges**

In the quarter, the Company capitalized interests and financial charges in intangible assets of concession in the amount of R\$ 64,971 (Mar/10 – R\$ 44,498) during the period which assets were presented as work in progress.

11. PROPERTY, PLANT & EQUIPMENT

	HOLDING					
	12/31/2010			03/31/2011		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Land	119,567	-	119,567	119,567	-	119,567
Buildings	41,014	(28,983)	12,031	41,014	(29,565)	11,449
Equipment	162,270	(90,804)	71,466	164,400	(93,721)	70,679
Transportation equipment	20,025	(18,364)	1,661	20,394	(18,561)	1,833
Furniture and Fixture	26,831	(26,378)	453	27,283	(26,820)	463
Other	2,590	(1,384)	1,206	2,535	(1,348)	1,187
Work in progress:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	372,297	(165,913)	206,384	375,193	(170,015)	205,178

	CONSOLIDATED					
	12/31/2010			03/31/2010		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Land	119,567	-	119,567	119,567	-	119,567
Buildings	41,014	(28,983)	12,031	41,014	(29,565)	11,449
Equipment	162,270	(90,804)	71,466	164,400	(93,721)	70,679
Transportation equipment	20,025	(18,364)	1,661	20,394	(18,561)	1,833
Furniture and Fixture	26,831	(26,378)	453	27,283	(26,820)	463
Other	2,590	(1,384)	1,206	2,535	(1,348)	1,187
Work in progress:	<u>43,222</u>	<u>-</u>	<u>43,222</u>	<u>54,442</u>	<u>-</u>	<u>54,442</u>

Total	415,519	(165,913)	249,606	429,635	(170,015)	259,620
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There were no relevant changes or information according to note 10 to the Annual Financial Statements of December 31, 2010.

12. LOANS, FINANCINGS & DEBENTURES

Outstanding balances of loans and financings

Page : 48

ITR - Quarterly Information 03/31/2011 CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

	HOLDING						Guarantees	Final maturity	Annual interest rate	Monet adjustm
	<u>Mar/11</u>			<u>Dec/10</u>						
Financial Institution: Country	Current	Non-current	Total	Current	Non-current	Total				
União Federal / Banco do Brasil	324,111	736,746	1,060,857	316,541	818,359	1,134,900	Gov.Est.S.Paulo and own resources	2014	8.50%	UPF
Debentures 8th Issuance	476,733	-	476,733	465,086	-	465,086		2011	10.75%	IGP-
Debentures 9th Issuance	33,333	201,390	234,723	33,333	198,242	231,575		2015	CDI+2.75 and 12.87% TJLP+1.92% (1st series and 3rd series) and 9.53% (2nd series) CDI+1.95% (1st series) and CDI+1.4% (2nd series) TR+9.5%	IPC
Debentures 10th Issuance	-	281,519	281,519	-	279,497	279,497		2020		IPC
Debentures 11th Issuance	-	1,206,152	1,206,152	-	1,205,451	1,205,451		2015		
Debentures 12th Issuance	-	499,690	499,690	-	499,715	499,715		2025		
Debentures 13th Issuance	-	599,677	599,677	-	-	-		2012	CDI + 0.65%	
Caixa Econômica Federal	94,390	760,500	854,890	91,031	783,426	874,457		2011/32	6.8% (weighted)	UPF
Promissory Notes FIDC - SABESP I	-	-	-	-	599,755	599,755	Own Resources	2011	CDI + 6.5%	
(Banco Nacional de Desenvolvimento Econômico Social)- BNDES (Banco Nacional de Desenvolvimento Econômico Social)- BNDES Baixada Santista	-	-	-	13,889	-	13,889		2011	CDI + 0.70% 3% + TJLP LIMIT 6%	
Desenvolvimento Econômico Social)- BNDES (Banco Nacional de Desenvolvimento Econômico Social)- BNDES	43,545	29,657	73,202	43,403	40,518	83,921	Own Resources	2013		
Desenvolvimento Econômico Social)- BNDES Baixada Santista	4,077	126,397	130,474	-	130,474					