

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

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| | | | |
|---------------|---------------------------------------|-----------|-----------|
| 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 | 12/31/2010 |
| | | 03/31/2011 | |
| 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

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| | | | |
|---------------|-----------------------------------------------------------|------------|------------|
| 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 01/01/2011 to 03/31/2011 | Previous Year 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 |

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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 |

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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 |

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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 |

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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 | Previous Year |
|---------------------|-------------------------------------------|-------------------|----------------------|
| | | Quarter | |
| | | 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

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| | | | |
|---------------|---------------------------------------|-----------|-----------|
| 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 |

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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

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| | | | |
|---------------|-----------------------------------------------------------|------------|------------|
| 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 |

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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

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| | | | |
|------------|--------------------------------------------------------|-----------|----------|
| 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 |

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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 |

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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 | Previous Year |
|--------------|----------------------------------------------------------|---------------|---------------|
| | | Quarter | |
| | | 01/01/2011 to | 01/01/2010 to |
| | | 03/31/2011 | 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%.

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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

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| | | | | |
|-------------------------------------------------------|---------|---------|-------|-------|
| 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:

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- 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

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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.

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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.

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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

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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**

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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.

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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.

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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.

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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) |

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| | December 31, 2010 | | | |
|----------------------------|--------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | SESAMM 36% | ÁGUAS DE ANDRADINA 30% | SANEAQUA MAIRINQUE 30% | AQUAPOLO AMBIENTAL 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 | <p>(a) Phase I – Recognition and measurement</p> <p>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.</p> | <p>The effective date is January 1st, 2013.</p> <p>Early adoption is still not available in Brazil.</p> <p>IASB's expectation is that the process of replacement from IAS 39 to IFRS 9 to be completed in the second half of 2011.</p> |

**(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

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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.

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(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.

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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.

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| | 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:

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| | 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.

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(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

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| | 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.

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| | 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.

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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

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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

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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.

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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.

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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.

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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.

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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 |

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| | HOLDING | | | | | | |
|-----------------------------|---------------------|--------------------------|----------------------------------|-----------|---------------------------------|--------------|------------------|
| | December 31,2010 | Reclassification cost | Reclassification amortization | Additions | Retirements and disposals | Amortization | March 31,2011 |
| Intangibles resulting from: | | | | | | | |
| Concession contracts | 10,732,557 | (8,073) | | - 269,470 | | - (105,632) | |