

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

February 11, 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 February 11, 2010

(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP

(Translation of Registrant's name into English)

Rua Costa Carvalho, 300

São Paulo, S.P., 05429-900

Federative Republic of Brazil

(Address of Registrant's principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

CIA. DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP

Rui de Britto Álvares Affonso

Chief Financial Officer and Investor Relations Officer

Mario Azevedo de Arruda Sampaio

Head of Capital Markets and Investor Relations

SABESP announces 3Q10 results

São Paulo, November 12, 2010 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP**(BM&FBovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based in the number of customers, announces today its **results for the third quarter 2010 (3Q10)**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2009.

SBSP3: R\$ 40.40/ share
SBS: US\$ 47.46 (ADR=2 shares)
Total shares: 227,836,623
Market Value: R\$ 9.2 billion
Closing price: 11/12/2010

1. Financial Highlights

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|---------|--------|--------|---------|---------|---------|-----|
| (+) Gross operating revenue | 1,749.1 | 1,976.5 | 227.4 | 13.0 | 5,272.1 | 5,766.6 | 494.5 | 9 |
| (-) COFINS and PASEP taxes | 120.1 | 140.9 | 20.8 | 17.3 | 366.1 | 409.2 | 43.1 | 11 |
| (=) Net operating revenue | 1,629.0 | 1,835.6 | 206.6 | 12.7 | 4,906.0 | 5,357.4 | 451.4 | 9 |
| (-) Costs and expenses | 1,173.4 | 1,180.4 | 7.0 | 0.6 | 3,483.1 | 3,357.3 | (125.8) | (3) |
| (+) Equity Results | - | (0.1) | (0.1) | - | (0.1) | (0.3) | (0.2) | 200 |
| (=) Earnings before financial expenses (EBIT*) | 455.6 | 655.1 | 199.5 | 43.8 | 1,422.8 | 1,999.8 | 577.0 | 40 |
| (+) Depreciation and amortization | 161.5 | 144.5 | (17.0) | (10.5) | 484.6 | 439.2 | (45.4) | (9) |
| (=) EBITDA** | 617.1 | 799.6 | 182.5 | 29.6 | 1,907.4 | 2,439.0 | 531.6 | 27 |
| (%) EBITDA margin | 37.9 | 43.6 | - | - | 38.9 | 45.5 | - | - |
| Net income | 195.7 | 449.8 | 254.1 | 129.8 | 916.6 | 1,074.1 | 157.5 | 17 |
| Earnings per share (R\$) | 0.86 | 1.97 | - | - | 4.02 | 4.71 | - | - |
| (*) Earnings before interest and taxes | | | | | | | | |
| (**) Earnings before interest, taxes, depreciation and amortization | | | | | | | | |

In 3Q10, net operating revenue reached R\$ 1.8 billion, a 12.7% growth compared to 3Q09. Costs and expenses in the amount of R\$ 1.2 billion grew 0.6% versus 3Q09. EBITDA was R\$ 617.1 million in 3Q09 and R\$ 799.6 million in 3Q10, an increase of 29.6%.

EBIT grew 43.8%, from R\$ 455.6 million in 3Q09 to R\$ 655.1 million in 3Q10.

2. Gross operating revenue

In 3Q10, gross operating revenue grew from R\$ 1.7 billion in 3Q09 to R\$ 2.0 billion in 3Q10, an increase of R\$ 227.4 million or 13.0%. The main factors that led to this variation were the 2009 and 2010 tariff adjustment of 4.44% and the increase of 5.6% in billed volume in relation to the same quarter of 2009.

3. Billed volume

The following tables show the billed water and sewage volume per customer category and region in 3Q09, 3Q10, 9M09 and 9M10.

BILLED WATER AND SEWAGE VOLUME ⁽¹⁾ PER CUSTOMER CATEGORY - million m³

| | | | | | | | | | |
|---------------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Residential | 338.8 | 357.7 | 5.6 | 274.5 | 291.8 | 6.3 | 613.3 | 649.5 | 5.9 |
| Commercial | 38.0 | 40.3 | 6.1 | 35.3 | 37.6 | 6.5 | 73.3 | 77.9 | 6.3 |
| Industrial | 8.6 | 9.3 | 8.1 | 8.7 | 9.3 | 6.9 | 17.3 | 18.6 | 7.5 |
| Public | 11.3 | 12.9 | 14.2 | 9.3 | 10.2 | 9.7 | 20.6 | 23.1 | 12.1 |
| Total retail | 396.7 | 420.2 | 5.9 | 327.8 | 348.9 | 6.4 | 724.5 | 769.1 | 6.2 |
| Wholesale | 71.7 | 73.3 | 2.2 | 8.1 | 6.6 | (18.5) | 79.8 | 79.9 | 0.1 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Total | 468.5 | 493.6 | 5.4 | 335.9 | 355.5 | 5.8 | 804.4 | 849.1 | 5.6 |

| | | | | | | | | | |
|---------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| Residential | 1,035.2 | 1,079.1 | 4.2 | 834.6 | 876.0 | 5.0 | 1,869.8 | 1,955.1 | 4.6 |
| Commercial | 115.4 | 120.9 | 4.8 | 106.5 | 112.3 | 5.4 | 221.9 | 233.2 | 5.1 |
| Industrial | 25.5 | 27.6 | 8.2 | 25.5 | 27.9 | 9.4 | 51.0 | 55.5 | 8.8 |
| Public | 34.6 | 37.3 | 7.8 | 28.4 | 29.9 | 5.3 | 63.0 | 67.2 | 6.7 |
| Total retail | 1,210.7 | 1,264.9 | 4.5 | 995.0 | 1,046.1 | 5.1 | 2,205.7 | 2,311.0 | 4.8 |
| Wholesale | 215.2 | 219.2 | 1.9 | 22.4 | 21.9 | (2.2) | 237.6 | 241.1 | 1.5 |
| Reused water | 0.2 | 0.2 | - | - | - | - | 0.2 | 0.2 | - |
| Total | 1,426.1 | 1,484.3 | 4.1 | 1,017.4 | 1,068.0 | 5.0 | 2,443.5 | 2,552.3 | 4.5 |

BILLED WATER AND SEWAGE VOLUME ⁽¹⁾ PER REGION - million m³

| | | | | | | | | | |
|-------------------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Metropolitan | 266.2 | 278.7 | 4.7 | 224.4 | 236.2 | 5.3 | 490.6 | 514.9 | 5.0 |
| Regional ⁽²⁾ | 130.5 | 141.5 | 8.4 | 103.4 | 112.7 | 9.0 | 233.9 | 254.2 | 8.7 |
| Total retail | 396.7 | 420.2 | 5.9 | 327.8 | 348.9 | 6.4 | 724.5 | 769.1 | 6.2 |
| Wholesale | 71.7 | 73.3 | 2.2 | 8.1 | 6.6 | (18.5) | 79.8 | 79.9 | 0.1 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Total | 468.5 | 493.6 | 5.4 | 335.9 | 355.5 | 5.8 | 804.4 | 849.1 | 5.6 |

| | | | | | | | | | |
|-------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| Metropolitan | 805.5 | 834.8 | 3.6 | 676.1 | 706.1 | 4.4 | 1,481.6 | 1,540.9 | 4.0 |
| Regional ⁽²⁾ | 405.2 | 430.1 | 6.1 | 318.9 | 340.0 | 6.6 | 724.1 | 770.1 | 6.4 |
| Total retail | 1,210.7 | 1,264.9 | 4.5 | 995.0 | 1,046.1 | 5.1 | 2,205.7 | 2,311.0 | 4.8 |
| Wholesale | 215.2 | 219.2 | 1.9 | 22.4 | 21.9 | (2.2) | 237.6 | 241.1 | 1.5 |
| Reused water | 0.2 | 0.2 | - | - | - | - | 0.2 | 0.2 | - |
| Total | 1,426.1 | 1,484.3 | 4.1 | 1,017.4 | 1,068.0 | 5.0 | 2,443.5 | 2,552.3 | 4.5 |

(1) Unaudited

(2) Including coastal and countryside

4. Costs, administrative and selling expenses

In 3Q10, costs of products and services, administrative and selling expenses grew 0.6% (R\$ 7.0 million). As a percentage of net revenue, costs and expenses declined from 72.0% in 3Q09 to 64.3% in 3Q10.

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|----------------|------------|------------|----------------|----------------|----------------|--------------|
| Payroll and benefits | 354.6 | 348.1 | (6.5) | (1.8) | 1,203.4 | 1,029.6 | (173.8) | (14.4) |
| Supplies | 39.5 | 36.3 | (3.2) | (8.1) | 111.1 | 103.0 | (8.1) | (7.3) |
| Treatment supplies | 33.4 | 31.6 | (1.8) | (5.4) | 105.3 | 98.7 | (6.6) | (6.3) |
| Services | 236.3 | 221.2 | (15.1) | (6.4) | 694.2 | 711.2 | 17.0 | 2.4 |
| Electric power | 121.4 | 132.3 | 10.9 | 9.0 | 360.2 | 392.3 | 32.1 | 8.9 |
| General expenses | 145.8 | 166.1 | 20.3 | 13.9 | 246.1 | 274.9 | 28.8 | 11.7 |
| Tax expenses | 9.4 | 11.7 | 2.3 | 24.5 | 43.5 | 50.5 | 7.0 | 16.1 |
| Sub-total | 940.4 | 947.3 | 6.9 | 0.7 | 2,763.8 | 2,660.2 | (103.6) | (3.7) |
| Depreciation and amortization | 161.5 | 144.5 | (17.0) | (10.5) | 484.6 | 439.2 | (45.4) | (9.4) |
| Credit write-offs | 71.5 | 88.6 | 17.1 | 23.9 | 234.7 | 257.9 | 23.2 | 9.9 |
| Costs, administrative and selling expenses | 1,173.4 | 1,180.4 | 7.0 | 0.6 | 3,483.1 | 3,357.3 | (125.8) | (3.6) |
| % over net revenue | 72.0 | 64.3 | - | - | 71.0 | 62.7 | - | - |

4.1. Payroll and benefits

In 3Q10 payroll and benefits decreased by R\$ 6.5 million or 1.8%, from R\$ 354.6 million to R\$ 348.1 million, due to the following:

- Adjustment of actuarial calculation relating to the migration of approximately three thousand employees from the Defined Benefits Plan to Sabesprev-Mais in September 2010, amounting to R\$ 12.4 million;
- Adjustment in the provision for Profit Sharing (PLR) in the amount of R\$ 15.8 million due to the reversal of the amounts provisioned in 2009; and
- Reduction of R\$ 4.3 million in payroll and benefits as a result of the layoffs under the Conduct Adjustment Term (TAC) + 2% of the staff, despite the 5.05% salary raise in May 2010.

This decrease was partly offset by the following factors:

- Company's contribution of R\$ 17.1 million relating to the deficit caused by employees that migrated to Sabesprev-Mais; and
- Adjustment of R\$ 10.0 million in the provision for the payment of termination benefits to employees that requested retirement in 3Q10.

4.2. Supplies

In 3Q10, expenses with Supplies decreased by R\$ 3.2 million or 8.1%, when compared to the same period 2009, from R\$ 39.5 million to R\$ 36.3 million. The main factors for this variation were lower expenses with materials for the maintenance of the equipment, maintenance of the aqueduct systems, water and sewage treatment station, and the pumping stations in the Metropolitan Region of São Paulo (RMSP) in the amount of R\$ 2.4 million.

4.3. Treatment supplies

Treatment supplies expenses in 3Q10 were R\$ 1.8 million, or 5.4% lower than in 3Q09, from R\$ 33.4 million to R\$ 31.6 million. The main factors were:

- R\$ 3.2 million reduction, due to the lower consumption of aluminum polychloride of approximately 41% and aluminum sulphate replacement. The aluminum sulphate consumption grew around 30%, however the product average cost decreased 25%, which contributed significantly in the expenses reduction of the period; and

- Increase of R\$ 1.5 million in the consumption of a few products, such as: i) lime, due to the price adjustment, as well as the water reserves and climatic conditions; and ii) polyelectrolytes, due to the beginning of operation of the centrifuges in the Barueri sewage system.

4.4. Services

In 3Q10 this item decreased R\$ 15.1 million or 6.4%, from R\$ 236.3 million to R\$ 221.2 million. The main factors were:

- Agreement signed between Sabesp and the São Paulo Municipal Government:
 - ü R\$ 9.4 million decrease in the provision made in 3Q09, related to the actions established in the agreement; and
 - ü R\$ 7.6 million decrease on account of the (non-recurring) lower spending in the implementation of the Program for the Rational Use of Water (PURA) in municipal schools.
- Decrease of R\$ 6.7 million in the expenses from January through September 2010, as expected for the second year of the Public Private Partnership (PPP) contract of the Alto Tietê production system;
- Decrease of R\$ 5.0 million in the purchase of treated water due to the termination of the contract with Águas de Cajamar S/A in March 2010; and
- Decrease in preventive and corrective maintenance in the water and sewage treatment systems in the amount of R\$ 2.3 million, due to the implementation of the structural works at the Parque da Integração in 3Q09.

There was an increase in the following services:

- Paving services and replacement of sidewalks in the amount of R\$ 10.3 million, on account of the offsetting of accounts with municipal governments of the cities served by the Regional Systems;
- Residential connection and sewage network maintenance in the amount of R\$ 3.7 million, due to the:
 - ü Increase in demand and the contractual amounts based on Global Sourcing in the municipalities of the Regional Systems and actions to optimize the sewage systems in the Baixada Santista region; and
 - ü Increases in the execution of the maintenance services in the RMSP, and the intensification of actions to meet the demands of the Córrego Limpo Program with the Municipal Government of São Paulo (PMSP).
- Expenses with sludge transportation in the amount of R\$ 1.2 million.

4.5. Electric power

In 3Q10 this item increased R\$ 10.9 million or 9.0%, from R\$ 121.4 million to R\$ 132.3 million.

This increase is due to the following factors:

- Tariff adjustment, which had a 2.5% impact in the average tariff in the captive market, which represents 82% of the installed capacity, impacting the weighted average increase between the captive market and free market by around 3.3%; and
- Weighted average cost increase of 8.0% between the markets.

| | | | |
|------------------|------|------|-----|
| Free market | 18.0 | 10.8 | 1.9 |
| Captive market | 82.0 | 7.4 | 6.1 |
| Weighted Average | - | - | 8.0 |

4.6. General expenses

In 3Q10 general expenses increased R\$ 20.3 million or 13.9%, from R\$ 145.8 million to R\$ 166.1 million, mainly due to the R\$ 80 million provision envisaged in the agreement with the Municipality of São Paulo, which will be paid in November 2010. This amount is equivalent to 7.5% of the municipality's gross revenue after deducting the Cofins and Pasesp contributions. The first payment was calculated from the date of signing of the agreement, that is June 23, 2010, and hence, besides the quarterly revenue, the calculation basis proportionally includes several days in June. This increase was partially offset by the lower need for provision for legal contingencies in relation to 2009, amounting to R\$ 66.2 million.

4.7. Depreciation and amortization

This item decreased R\$ 17.0 million or 10.5%, from R\$ 161.5 million to R\$ 144.5 million. This variation is mainly due to the estimates review, with increase in the useful life of the assets, as of December 2009.

4.8. Credit write-offs

Credit write-offs increased by R\$ 17.1 million, or 23.9%, from R\$ 71.5 million to R\$ 88.6 million, mainly due to the need for complementing the provision on the billing of private clients and municipal public entities.

The increase was compensated by the higher recovery of credits through installment agreements, notably those signed with the municipalities of Taubaté and Ferraz de Vasconcelos.

5. Other operating revenues and expenses

5.1 Other operating revenues

This item decreased by R\$ 3.4 million or 39.7% in 3Q10, mainly due to the write-off of projects and ongoing construction works made unfeasible, in the amount of R\$ 2.6 million.

6. Financial expenses and revenues

R\$ million

| | | | | |
|---|--------------|-------------|----------------|---------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 98.7 | 124.1 | 25.4 | 25.7 |
| Interest and charges on international loans and financing | 15.0 | 11.7 | (3.3) | (22.0) |
| Interest rate over lawsuit indemnity | 173.9 | (66.9) | (240.8) | (138.5) |
| Other financial expenses | 7.6 | 7.4 | (0.2) | (2.6) |
| Total financial expenses | 295.2 | 76.3 | (218.9) | (74.2) |
| Financial revenues | 29.0 | 60.7 | 31.7 | 109.3 |
| Financial expenses net of revenues | 266.2 | 15.6 | (250.6) | (94.1) |

6.1. Financial expenses

In 3Q10 financial expenses dropped R\$ 218.9 million, or 74.2%, as described below:

- Interest over lawsuit in the amount of R\$ 240.8 million; and
- Increase in interest by R\$ 25.4 million, on domestic loans and financing due to some new funding in the period, such as: (i) the 10th issue of debentures in November 2009, (ii) the 11th issue of debentures in March 2010, (iii) the 12th issue of debentures in June 2010, (iv) the 5th issue of promissory notes in August 2010, and (v) the payments for financing agreements already signed.

6.2. Financial revenues

Financial revenues increased by R\$ 31.7 million, due to the higher volume of financial investments.

7. Monetary variation on assets and liabilities

| | <i>R\$ million</i> | | | |
|--|--------------------|---------------|-------------|---------------|
| Monetary variation over loans and financing | (1.9) | 15.4 | 17.3 | n.m. |
| Currency exchange variation over loans and financing | (104.7) | (60.5) | 44.2 | (42.2) |
| Other monetary/exchange rate variations | 9.2 | 27.9 | 18.7 | 203.3 |
| Variation on liabilities | (97.4) | (17.2) | 80.2 | (82.3) |
| Variation on assets | 11.8 | 20.1 | 8.3 | 70.3 |
| Net Variation | (109.2) | (37.3) | 71.9 | (65.8) |

7.1. Variation on liabilities

The effect on the monetary variations on liabilities in 3Q10 was R\$ 80.2 million higher, compared to 3Q09, due to:

- Exchange variation on foreign loans and financing generated a negative impact of R\$ 44.2 million, due to the 6.0% depreciation of the U.S. Dollar in 3Q10 compared to the 8.9% depreciation in 3Q09;
- Other monetary variations decreased R\$ 18.7 million related to lawsuit; and
- Monetary variations on domestic loans and financing increased by R\$ 17.3 million, mainly due to the R\$ 15.4 million increase due to the positive variation of the IGPM in 3Q10 of 2.08%, compared to a negative impact of 0.37% in 3Q09; and the R\$ 1.9 million increase due to the higher variation of the TR interest rate in 3Q10 of 0.28% compared to 0.12% in 3Q09.

7.2. Monetary variations on assets

Monetary variations on assets increased R\$ 8.3 million, mainly due to installment agreements with the municipalities of Taubaté and Ferraz de Vasconcelos.

8. Operating indicators

Sabesp continues to work strenuously to reduce water losses, which has enabled a continued reduction in the loss ratio, from 26.5% in 3Q09 to 26.0% in 3Q10. Thanks to this reduction, water produced was lower than the water billed volume.

| | | | |
|--|---------|---------|-------|
| Water connections ⁽¹⁾ | 7,086 | 7,253 | 2.4 |
| Sewage connections ⁽¹⁾ | 5,478 | 5,668 | 3.5 |
| Population directly served - water ⁽²⁾ | 23.3 | 23.6 | 1.3 |
| Population directly served - sewage ⁽²⁾ | 19.5 | 19.9 | 2.1 |
| Number of employees | 16,101 | 15,165 | (5.8) |
| Water volume produced ⁽³⁾ | 2,124.0 | 2,205.9 | 3.9 |
| Water losses (%) | 26.5 | 26.0 | (1.9) |

(1) In thousand units at the end of the period

(2) In million inhabitants at the end of the period, not including wholesale

(3) In million of cubic meters at the end of the period

* Unaudited

9. Loans and financing

In September, Sabesp signed a Loan Agreement with the Inter-American Development Bank (IDB) to partially finance the 3rd Phase of the Tietê Project. The total investment will be US\$ 800 million, of which US\$ 600 million will be financed and US\$ 200 million will be Sabesp's counterpart. The agreement is for a 25-year term, with a grace period of 6 years and interest rate pegged to the LIBOR rate.

In October, Sabesp signed a loan agreement with the Japan International Cooperation Agency (JICA) to finance the Environmental Improvement Integrated Program at Billings reservoir water source area (ProBillings). The total investment is ¥ 12,357 billion, with ¥ 6,208 billion coming through the financing and ¥ 6,149 billion being Sabesp's counterpart. The agreement term is 25 years, with a grace period of 7 years and interest rate of 1.2% p.a..

Also in October, Sabesp negotiated with JICA the terms and conditions of an additional loan agreement for the *Onda Limpa* (Clean Wave) program 2nd Phase. The amount of the new financing agreement is ¥ 19,162 billion, equivalent to around US\$ 234.3 million, with disbursement in up to 2 years, with amortization of 18 years and interest rate between 1.8 and 2.5% p.a. The next step to formalize the agreement is to obtain the approval from the Brazilian Senate's Commission on Economic Affairs.

R\$ million

Local market

| | | | | | | | | |
|-----------------------------|--------------|----------------|--------------|----------------|--------------|--------------|----------------|----------------|
| Banco do Brasil | 74.9 | 315.8 | 343.8 | 374.2 | 98.6 | - | - | 1,207.3 |
| Caixa Econômica Federal | 21.1 | 89.6 | 100.1 | 102.0 | 63.6 | 41.4 | 437.3 | 855.1 |
| Debentures | - | 484.3 | 236.0 | 579.6 | 368.3 | 391.1 | 603.1 | 2,662.4 |
| Promissory Notes | - | 599.8 | - | - | - | - | - | 599.8 |
| FIDC - SABESP I | 13.9 | 13.9 | - | - | - | - | - | 27.8 |
| BNDES | 10.7 | 44.3 | 68.9 | 40.2 | 36.2 | 36.2 | 243.5 | 480.0 |
| Others | 0.9 | 3.9 | 0.5 | 0.5 | 0.5 | 0.5 | 1.8 | 8.6 |
| Interest and charges | 53.6 | 47.3 | - | - | - | - | - | 100.9 |
| Local market total | 175.1 | 1,598.9 | 749.3 | 1,096.5 | 567.2 | 469.2 | 1,285.7 | 5,941.9 |
| International market | | | | | | | | |
| IDB | 23.2 | 63.6 | 63.6 | 63.7 | 63.7 | 63.7 | 262.0 | 603.5 |
| Eurobonds | - | - | - | - | - | - | 237.2 | 237.2 |
| JBIC | - | 11.7 | 23.4 | 23.4 | 23.3 | 23.4 | 327.5 | 432.7 |
| IDB 1983AB | - | 40.3 | 40.3 | 40.3 | 40.3 | 40.2 | 219.1 | 420.5 |
| Interest and charges | 19.3 | 2.5 | - | - | - | - | - | 21.8 |

| | | | | | | | | |
|-----------------------------------|--------------|----------------|--------------|----------------|--------------|--------------|----------------|----------------|
| International market total | 42.5 | 118.1 | 127.3 | 127.4 | 127.3 | 127.3 | 1,045.8 | 1,715.7 |
| Total | 217.6 | 1,717.0 | 876.6 | 1,223.9 | 694.5 | 596.5 | 2,331.5 | 7,657.6 |

10. Conference call

In Portuguese

November 16, 2010

07:00 am (US EST) /10:00 am (Brasília)

Dial in access: (55 11) 3301-3000

Conference ID: Sabesp

Replay available until 11/23/2010

Dial in access: (55 11) 3127-4999

Replay ID: 48024561

In English

November 16, 2010

09:00 am (US EST) / 12:00 pm (Brasília)

Dial in access: 1(412) 317-6776

Conference ID: Sabesp

Replay available until 11/25/2010

Dial in access: 1(412) 317-0088

Replay ID: 445278#

[Click here](http://www.sabesp.com.br) for live webcast or access through the internet at: www.sabesp.com.br

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Income Statement

| Corporate Law Method (Law No. 6,404/76) | R\$ '000 | | | |
|---|------------------|------------------|------------------|------------------|
| Gross Revenue from Sales and Services | 1,976,537 | 1,749,076 | 1,976,537 | 1,749,076 |
| Water Supply - Retail | 1,013,237 | 886,231 | 1,013,237 | 886,231 |
| Water Supply - Wholesale | 88,530 | 82,654 | 88,530 | 82,654 |
| Sewage Collection and Treatment | 841,260 | 744,909 | 841,260 | 744,909 |
| Sewage Collection and Treatment - Wholesale | 5,093 | 5,471 | 5,093 | 5,471 |
| Other Services | 28,417 | 29,811 | 28,417 | 29,811 |
| Taxes on Sales and Services - COFINS and PASEP | (140,902) | (120,105) | (140,902) | (120,105) |
| Net Revenue from Sales and Services | 1,835,635 | 1,628,971 | 1,835,635 | 1,628,971 |
| Costs of Sales and Services | (823,451) | (762,094) | (823,451) | (762,094) |
| Gross Profit | 1,012,184 | 866,877 | 1,012,184 | 866,877 |
| Operating Expenses | | | | |
| Selling | (216,801) | (201,415) | (216,801) | (201,415) |
| Administrative | (140,132) | (209,855) | (140,267) | (209,942) |
| Other operating expenses, net | 10,649 | 7,019 | 10,649 | 7,019 |
| Operating Income Before Shareholdings | 665,900 | 462,626 | 665,765 | 462,539 |
| Equity Result | (114) | (30) | - | - |
| Earnings Before Financial Results | 665,786 | 462,596 | 665,765 | 462,539 |
| Financial, net | (38,801) | (260,922) | (38,780) | (260,865) |
| Exchange gain (loss), net | 60,525 | 103,895 | 60,525 | 103,895 |
| Earnings before Income Tax and Social Contribution | 687,510 | 305,569 | 687,510 | 305,569 |
| Income Tax and Social Contribution | | | | |
| Current | (199,816) | (198,822) | (199,816) | (198,822) |
| Deferred | (37,887) | 88,980 | (37,887) | 88,980 |
| Net Income (loss) for the period | 449,807 | 195,727 | 449,807 | 195,727 |
| Registered common shares ('000) | 227,836 | 227,836 | 227,836 | 227,836 |
| Earnings per shares - R\$ (per share) | 1.97 | 0.86 | 1.97 | 0.86 |

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Depreciation and Amortization | (144,449) | (161,480) | (144,450) | (161,480) |
| EBITDA | 799,586 | 617,057 | 799,566 | 617,000 |
| % over net revenue | 43.6% | 37.9% | 43.6% | 37.9% |

Balance Sheet**Brazilian Corporate Law****R\$ '000****Current**

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Cash and Cash Equivalents | 1,365,038 | 1,046,840 | 1,367,191 | 1,047,359 |
| Accounts Receivable from Clients | 1,040,653 | 1,083,895 | 1,040,653 | 1,083,895 |
| Related Party Balance | 151,398 | 155,348 | 151,398 | 155,348 |
| Inventory | 29,994 | 31,101 | 29,994 | 31,101 |
| Recoverable Taxes | 10,357 | 4,773 | 10,357 | 4,773 |
| Other Receivables | 546,147 | 553,174 | 546,247 | 553,267 |
| Deferred income tax and social contribution | 276,831 | 263,369 | 276,831 | 263,369 |
| Total Current Assets | 3,420,418 | 3,138,500 | 3,422,671 | 3,139,112 |

Non-Current

Long Term Assets:

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Accounts Receivable from Clients | 351,499 | 270,484 | 351,499 | 270,484 |
| Related Party Balance | 921,983 | 934,208 | 921,983 | 934,208 |
| Indemnities Receivable | 146,213 | 146,213 | 146,213 | 146,213 |
| Judicial Deposits | 41,804 | 47,682 | 41,804 | 47,682 |
| Other Receivables | 104,469 | 102,872 | 104,469 | 102,872 |
| Deferred income tax and social contribution | 568,671 | 620,858 | 568,671 | 620,858 |
| | 2,134,639 | 2,122,317 | 2,134,639 | 2,122,317 |

| | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Investments | 4,596 | 4,110 | 1,320 | 720 |
| Permanent Assets | 8,903,140 | 15,969,828 | 8,906,945 | 15,972,770 |
| Intangible Assets | 9,074,119 | 1,644,407 | 9,074,119 | 1,644,407 |
| | 17,981,855 | 17,618,345 | 17,982,384 | 17,617,897 |
| Total Non-Current Assets | 20,116,494 | 19,740,662 | 20,117,023 | 19,740,214 |

| | | | | |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| Total Assets | 23,536,912 | 22,879,162 | 23,539,694 | 22,879,326 |
|---------------------|-------------------|-------------------|-------------------|-------------------|

Current

| | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|
| Contractors and Suppliers | 194,257 | 175,860 | 194,578 | 175,933 |
| Loans and Financing | 1,161,302 | 1,412,954 | 1,163,642 | 1,412,954 |
| Salaries and Payroll Charges | 276,822 | 241,482 | 276,932 | 241,570 |
| Taxes and Contributions Payable | 182,047 | 168,689 | 182,058 | 168,692 |
| Taxes and Contributions Deferred | 18,469 | 27,134 | 18,469 | 27,134 |
| Interest on Own Capital Payable | 56 | 56 | 56 | 56 |
| Provision for Contingencies | 759,000 | 713,318 | 759,000 | 713,318 |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Accounts Payable | 342,306 | 281,846 | 342,306 | 281,846 |
| Other Payables | 202,960 | 206,283 | 202,960 | 206,283 |
| Total Current Liabilities | 3,137,219 | 3,227,622 | 3,140,001 | 3,227,786 |
| Non-Current | | | | |
| Long Term Liabilities: | | | | |
| Loans and Financing | 6,496,300 | 6,019,456 | 6,496,300 | 6,019,456 |
| Taxes and Contributions Payable | 61,295 | 69,375 | 61,295 | 69,375 |
| Taxes and Contributions Deferred | 169,161 | 162,600 | 169,161 | 162,600 |
| Provision for Contingencies | 643,068 | 852,695 | 643,068 | 852,695 |
| Provisions for actuarial liabilities Law 4819/58 | 493,531 | 507,772 | 493,531 | 507,772 |
| Pension Fund Obligations | 506,660 | 504,114 | 506,660 | 504,114 |
| Other Payables | 427,991 | 383,648 | 427,991 | 383,648 |
| Total Non Current Liabilities | 8,798,006 | 8,499,660 | 8,798,006 | 8,499,660 |
| Shareholders' Equity | | | | |
| Capital Stock | 6,203,688 | 6,203,688 | 6,203,688 | 6,203,688 |
| Capital Reserves | 124,255 | 124,255 | 124,255 | 124,255 |
| Revaluation Reserves | 2,109,284 | 2,088,454 | 2,109,284 | 2,088,454 |
| Profit Reserves | 2,054,594 | 2,054,594 | 2,054,594 | 2,054,594 |
| Accrued income | 1,109,866 | 680,889 | 1,109,866 | 680,889 |
| Total Shareholders' Equity | 11,601,687 | 11,151,880 | 11,601,687 | 11,151,880 |
| Total Liabilities and Shareholders' Equity | 23,536,912 | 22,879,162 | 23,539,694 | 22,879,326 |

Cash Flow

Brazilian Corporate Law

R\$ '000

Cash flow from operating activities

| | | | | |
|--|------------------|----------------|------------------|----------------|
| Net income for the period before taxes and social contribution | 687,510 | 305,569 | 687,510 | 305,569 |
| Provisions for contingencies | 15,328 | 270,746 | 15,328 | 270,746 |
| Reversion of provision for losses | (122) | (222) | (122) | (222) |
| Other provisions | 87 | 88 | 87 | 88 |
| Liabilities related to pension plans | 6,350 | 19,178 | 6,350 | 19,178 |
| Write-off of property, plant and equipment | 2,746 | 5,702 | 2,746 | 5,702 |
| Depreciation and Amortization | 144,449 | 161,479 | 144,450 | 161,480 |
| Interest calculated over loans and financing payable | 136,852 | 114,336 | 136,852 | 114,336 |
| Monetary and exchange variation over loans and financing | (45,080) | (106,635) | (45,080) | (106,635) |
| Variation on liabilities and interest | 986 | 1,323 | 986 | 1,323 |
| Variation on assets and interest | (926) | (6,537) | (926) | (6,537) |
| Provisions for bad debt | 88,631 | 71,509 | 88,631 | 71,509 |
| Provision for TAC (Conduct Adjustment Term) | 9,226 | (26,386) | 9,226 | (26,386) |
| Provision for São Paulo Municipal Government Agreement | (6,090) | 3,296 | (6,090) | 3,296 |
| Equity Result | 114 | 30 | - | - |
| Provision for São Paulo municipality external costs | 79,330 | - | 79,330 | - |
| Provision for Sabesprev Mais | 25,321 | - | 25,321 | - |
| Other write-offs | - | 4,542 | - | 4,542 |
| Operating activities | 1,144,712 | 818,018 | 1,144,599 | 817,989 |
| Variation on Assets and Liabilities | (267,404) | 17,835 | (267,133) | 17,815 |
| (Increase) decrease in assets: | | | | |
| Accounts receivable from clients | (126,092) | (97,781) | (126,092) | (97,781) |
| Balances and transactions with related parties | 17,679 | 13,347 | 17,679 | 13,347 |
| Inventories | 1,229 | 2,263 | 1,229 | 2,263 |
| Recoverable Taxes | (5,584) | (328) | (5,584) | (328) |
| Other accounts receivable | 6,038 | (3,614) | 6,031 | (3,682) |
| Judicial deposits | (2,141) | (15,011) | (2,141) | (15,011) |
| Increase (decrease) in liabilities: | | | | |
| Loans and financing | 9,421 | 47,623 | 9,669 | 47,667 |
| Salaries and payroll charges | 26,114 | 36,099 | 26,136 | 36,101 |
| Provision for actuarial liabilities - Law 4819/58 | (14,241) | - | (14,241) | - |
| Taxes and contributions payable | (4,148) | (5,425) | (4,140) | (5,423) |
| Accounts payable | (17,979) | (3,111) | (17,979) | (3,111) |
| Other accounts payable | 18,856 | 74,225 | 18,856 | 74,225 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Contingencies | (172,752) | (26,233) | (172,752) | (26,233) |
| Pension plan - transfer to Sabesprev | (3,804) | (4,219) | (3,804) | (4,219) |
| Others | (381,637) | (280,099) | (381,637) | (280,099) |
| Interest paid | (188,995) | (126,568) | (188,995) | (126,568) |
| Income tax and contribution paid | (192,642) | (153,531) | (192,642) | (153,531) |
| Net cash generated from operating activities | 495,671 | 555,754 | 495,829 | 555,705 |
| Cash flow from investing activities: | | | | |
| Acquisition of property, plant and equipment | (473,726) | (590,577) | (474,590) | (591,511) |
| Increase in intangible assets | (9,146) | (5,344) | (9,146) | (5,344) |
| Receivables by the permanent assets sale | (600) | - | (600) | - |
| Net cash used in investing activities | (483,472) | (595,921) | (484,336) | (596,855) |
| Cash flow from financing activities | | | | |
| Funding | 674,791 | 94,736 | 677,131 | 94,736 |
| Loan amortizations | (368,792) | (356,221) | (368,792) | (356,221) |
| Net cash generated (invested) at financing activities | 305,999 | (261,485) | 308,339 | (261,485) |
| Increase in cash and equivalents | 318,198 | (301,652) | 319,832 | (302,635) |
| Cash and cash equivalents at the beginning of the period | 1,046,840 | 685,576 | 1,047,359 | 688,904 |
| Cash and cash equivalents at the end of the period | 1,365,038 | 383,924 | 1,367,191 | 386,269 |
| Changes in Cash and Cash Equivalents | 318,198 | (301,652) | 319,832 | (302,635) |

