

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

April 10, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

For April 9, 2008

(Commission File No. 1-31317)

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

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

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

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

Form 20-F Form 40-F

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

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

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

Yes No

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

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 2007 results

São Paulo, March 28, 2008 - Companhia de Saneamento Básico do Estado de São Paulo SABESP (Bovespa: SBSP3; NYSE: SBS), one of the largest water and sewage service providers in the world based on the number of customers, announces today its results for the fourth quarter of 2007 (4Q07) and fiscal year 2007. 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 2006.

SBSP3: R\$ 38.75 / share
SBS US\$ 44.17 (ADR=2 shares)
Total shares: 227,836,623
Market value: R\$ 8.8 billion
Closing Price: 03/28/2008



1. Net revenue grows 8.0%, EBITDA grows 10.3% and net income grows 34.6% in 2007

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|-------------|-------------|----------|-------------|-------------|-------------|----------|
| | 4Q06 | 4Q07 | Chg. | % | 2006 | 2007 | Chg. | % |
| (+) Gross operating revenue | 1,599.3 | 1,689.2 | 89.9 | 5.6 | 5,984.0 | 6,448.2 | 464.2 | 7.8 |
| (-) COFINS and PASEP taxes | 120.9 | 122.6 | 1.7 | 1.4 | 456.7 | 477.4 | 20.7 | 4.5 |
| (=) Net operating revenue | 1,478.4 | 1,566.6 | 88.2 | 6.0 | 5,527.3 | 5,970.8 | 443.5 | 8.0 |
| (-) Costs and expenses | 1,138.1 | 1,146.9 | 8.8 | 0.8 | 3,723.3 | 3,894.4 | 171.1 | 4.6 |
| (=) Earnings before financial expenses (EBIT*) | 340.3 | 419.7 | 79.4 | 23.3 | 1,804.0 | 2,076.4 | 272.4 | 15.1 |
| (+) Depreciation and amortization | 192.8 | 153.8 | (39.0) | (20.2) | 642.2 | 622.5 | (19.7) | (3.1) |
| (=) EBITDA** | 533.1 | 573.5 | 40.4 | 7.6 | 2,446.2 | 2,698.9 | 252.7 | 10.3 |
| (%) EBITDA margin | 36.1 | 36.6 | | | 44.3 | 45.2 | | |
| Net income | 80.0 | 78.1 | (1.9) | (2.4) | 778.9 | 1,048.7 | 269.8 | 34.6 |
| Earnings per share (R\$)*** | 0.35 | 0.34 | | | 3.42 | 4.60 | | |

(*) Earnings before interest and taxes

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

(***) Earnings per share include the reverse split held on June 2007 for all analyzed periods in order to enable comparison

In 2007, net operating revenue totaled R\$ 6.0 billion, an 8.0% increase compared to 2006. Costs and expenses stood at R\$ 3.9 billion, 4.6% higher than in 2006. EBITDA moved up 10.3% to R\$ 2.7 billion in 2007 from R\$ 2.4 billion in 2006, as revenues outgrew costs.

Earnings before financial expenses (EBIT) increased by 15.1% to R\$ 2.1 billion in 2007 from R\$ 1.8 billion in 2006. Net income reached R\$ 1.05 billion, 34.6% higher than the R\$ 778.9 million recorded in 2006. In 4Q07, net income totaled R\$ 78.1 million, down 2.4% compared to the same period of the previous year.

2. Gross operating revenue

In 2007, gross operating revenue grew R\$ 464.2 million, or 7.8%, from R\$ 6.0 billion in 2006 to R\$ 6.4 billion in 2007. The main reasons for this increase were:

- The 5.7% impact derived from the 6.7% tariff adjustment in 2006, with a 4.7% impact in 2007, and the 4.1% tariff adjustment in September 2007, with a 1% impact in the period; and
- The 3.1% increase in billed volume.

In 4Q07 gross operating revenue totaled R\$ 1.7 billion, R\$ 89.9 million or 5.6% higher than in the same period of 2006.

- Billed volume grew 3.3% in average when compared to the same period of 2006 and tariff adjustment had a 2.9% impact in 2007.

3. Billed volume

The following tables show billed water and sewage volume per customer category and region in 4Q06, 4Q07, 2006 and 2007.

It is worth pointing out the increase in sewage volume treated as a result of the Company's actions with its current water customers in the wholesale market and of the increase in the volume of collected sewage in the retail market.

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

| | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 4Q06 | 4Q07 | % | 4Q06 | 4Q07 | % | 4Q06 | 4Q07 | % |
| Residential | 331.5 | 340.4 | 2.7 | 262.5 | 271.7 | 3.5 | 594.0 | 612.1 | 3.0 |
| Commercial | 37.2 | 38.3 | 3.0 | 34.2 | 35.1 | 2.6 | 71.4 | 73.4 | 2.8 |
| Industrial | 8.6 | 9.1 | 5.8 | 8.1 | 8.2 | 1.2 | 16.7 | 17.3 | 3.6 |
| Public | 11.7 | 11.9 | 1.7 | 9.4 | 9.5 | 1.1 | 21.1 | 21.4 | 1.4 |
| Total retail | 389.0 | 399.7 | 2.8 | 314.2 | 324.5 | 3.3 | 703.2 | 724.2 | 3.0 |
| Wholesale | 67.1 | 70.7 | 5.4 | 5.3 | 6.4 | - | 72.4 | 77.1 | 6.5 |
| Total | 456.1 | 470.4 | 3.1 | 319.5 | 330.9 | 3.6 | 775.6 | 801.3 | 3.3 |
| | 2006 | 2007 | % | 2006 | 2007 | % | 2006 | 2007 | % |
| Residential | 1,314.7 | 1,338.8 | 1.8 | 1,035.6 | 1,065.1 | 2.8 | 2,350.3 | 2,403.9 | 2.3 |
| Commercial | 148.0 | 151.2 | 2.2 | 135.3 | 138.4 | 2.3 | 283.3 | 289.6 | 2.2 |
| Industrial | 34.4 | 35.3 | 2.6 | 32.4 | 33.3 | 2.8 | 66.8 | 68.6 | 2.7 |
| Public | 46.7 | 47.4 | 1.5 | 37.4 | 37.8 | 1.1 | 84.1 | 85.2 | 1.3 |
| Total retail | 1,543.8 | 1,572.7 | 1.9 | 1,240.7 | 1,274.6 | 2.7 | 2,784.5 | 2,847.3 | 2.3 |
| Wholesale | 263.4 | 274.3 | 4.1 | 5.3 | 24.9 | - | 268.7 | 299.2 | 11.4 |
| Total | 1,807.2 | 1,847.0 | 2.2 | 1,246.0 | 1,299.5 | 4.3 | 3,053.2 | 3,146.5 | 3.1 |

(1) Non-audited

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

| | Water | | | Sewage | | | Water + Sewage | | |
|-------------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|--------------|------------|
| | 4Q06 | 4Q07 | % | 4Q06 | 4Q07 | % | 4Q06 | 4Q07 | % |
| Metropolitan | 260.5 | 265.5 | 1.9 | 214.3 | 219.6 | 2.5 | 474.8 | 485.1 | 2.2 |
| Regional ⁽²⁾ | 128.5 | 134.2 | 4.4 | 99.9 | 104.9 | 5.0 | 228.4 | 239.1 | 4.7 |
| Total retail | 389.0 | 399.7 | 2.8 | 314.2 | 324.5 | 3.3 | 703.2 | 724.2 | 3.0 |
| Wholesale | 67.1 | 70.7 | 5.4 | 5.3 | 6.4 | - | 72.4 | 77.1 | 6.5 |
| Total | 456.1 | 470.4 | 3.1 | 319.5 | 330.9 | 3.6 | 775.6 | 801.3 | 3.3 |
| | 2006 | 2007 | % | 2006 | 2007 | % | 2006 | 2007 | % |

| | | | | | | | | | |
|-------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| Metropolitan | 1,030.8 | 1,046.8 | 1.6 | 843.5 | 866.0 | 2.7 | 1,874.3 | 1,912.8 | 2.1 |
| Regional ⁽²⁾ | 513.0 | 525.9 | 2.5 | 397.2 | 408.6 | 2.9 | 910.2 | 934.5 | 2.7 |
| Total retail | 1,543.8 | 1,572.7 | 1.9 | 1,240.7 | 1,274.6 | 2.7 | 2,784.5 | 2,847.3 | 2.3 |
| Wholesale | 263.4 | 274.3 | 4.1 | 5.3 | 24.9 | - | 268.7 | 299.2 | 11.4 |
| Total | 1,807.2 | 1,847.0 | 2.2 | 1,246.0 | 1,299.5 | 4.3 | 3,053.2 | 3,146.5 | 3.1 |

(1) Non-audited

(2) Including coastal and interior regions

4. Costs, administrative and selling expenses

In 2007, costs, administrative and selling expenses grew by R\$ 171.1 million. Costs and expenses as a percentage of net revenue dropped from 67.4% in 2006 to 65.2% in 2007.

In 4Q07, there was a R\$ 8.8 million or 0.8% increase over the same period of the year before.

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|----------------|------------|------------|----------------|----------------|--------------|------------|
| | 4Q06 | 4Q07 | Chg. | % | 2006 | 2007 | Chg. | % |
| Payroll and benefits | 339.2 | 321.8 | (17.4) | (5.1) | 1,258.4 | 1,265.7 | 7.3 | 0.6 |
| Supplies | 39.0 | 33.6 | (5.4) | (13.8) | 127.7 | 131.8 | 4.1 | 3.2 |
| Treatment supplies | 20.7 | 21.4 | 0.7 | 3.4 | 104.5 | 112.3 | 7.8 | 7.5 |
| Third-party services | 153.5 | 168.7 | 15.2 | 9.9 | 486.3 | 539.0 | 52.7 | 10.8 |
| Electric power | 118.5 | 113.8 | (4.7) | (4.0) | 448.8 | 474.5 | 25.7 | 5.7 |
| General expenses | 91.6 | 223.6 | 132.0 | 144.1 | 210.1 | 381.7 | 171.6 | 81.7 |
| Depreciation and amortization | 192.8 | 153.8 | (39.0) | (20.2) | 642.2 | 622.5 | (19.7) | (3.1) |
| Credit write-offs | 173.6 | 92.0 | (81.6) | (47.0) | 411.9 | 323.3 | (88.6) | (21.5) |
| Tax expenses | 9.2 | 18.2 | 9.0 | 97.8 | 33.4 | 43.6 | 10.2 | 30.5 |
| Costs, administrative and selling expenses | 1,138.1 | 1,146.9 | 8.8 | 0.8 | 3,723.3 | 3,894.4 | 171.1 | 4.6 |
| % over net revenue | 77% | 73% | | | 67% | 65% | | |

4.1. Payroll and benefits

In 2007 payroll and benefits grew R\$ 7.3 million or 0.6%, from R\$ 1,258.4 million to R\$ 1,265.7 million due to the following factors:

- Wage increase of 3.37% (IPC-FIPE) as of May 2007; and
- Provision for pension plan obligations, as determined by CVM Resolution 371, R\$ 52.5 million higher, mainly as a result of the adoption of a new mortality rate table.

These expenses were offset by the following factors, which occurred in 2006, but not in 2007:

- Performance evaluation with the payment of bonus in the amount of R\$ 28.7 million in 2006;
- Profit Sharing Program, considering the adjustment between January and December 2006, R\$ 28.2 million lower in 2007; and
- Voluntary Lay-off Program, with the adhesion of 398 employees in 2006, totaling an expense of R\$ 11.6 million.

The Company expanded the services rendered and increased productivity. The number of connections per employee improved by 3.5%, from 684 in 2006 to 708 in 2007.

In 4Q07, payroll and benefits dropped by R\$ 17.4 million or 5.1% due to the factors mentioned above.

4.2. Supplies

In 2007, supplies grew by R\$ 4.1 million or 3.2%, from R\$ 127.7 million to R\$ 131.8 million, mainly due to:

- Network and residential water and sewage connection maintenance, mainly concentrated in the São Paulo Metropolitan Region, with greater allocation of funds to the loss reduction program and the recovery of the Global Sourcing program, which generated an increase of R\$ 4.8 million in this expense;
- Electric and mechanical system maintenance at the pumping and sewage treatment stations in the amount of R\$ 1.2 million; and
- Security supplies, protection and uniforms, resulting in the granting of the OHSAS 18001 certificate (international certificate in health and safety management) in the amount of R\$ 1.1 million.

These expenses were offset by the decrease in fuel and lubricants during 2007 in the amount of R\$ 4.2 million, from R\$ 26.7 million in 2006 to R\$ 22.5 million in 2007 due to improved supply management and the 9.4% decrease in ethanol average prices.

In 4Q07, supplies fell by R\$ 5.4 million over the same period of 2006.

4.3. Treatment supplies

In 2007, expenses with chemical products rose R\$ 7.8 million or 7.5% on 2006, moving from R\$ 104.5 million to R\$ 112.3 million, due to the proliferation of algae in the Cantareira System, which demanded a larger use of cooper sulfate at the reservoirs and the increase in the consumption of chemical products at the Guaraú Water Treatment Station.

4.4. Third-party services

In 2007 this item grew by R\$ 52.7 million or 10.8%, from R\$ 486.3 million to R\$ 539.0 million. The main reasons for this increase were:

- Network and residential water and sewage connection maintenance, paving and replacing pavement due to the execution of the loss control program, in the amount of R\$ 20.3 million;
- Preventive and corrective maintenance at the water and sewage treatment stations in the amount of R\$ 17.9 million;
- Contract updates and hiring of surveillance, with electronic monitoring, in the amount of R\$ 4.7 million;

- Publicity and advertisement with the launching of campaigns focused at the social environmental policy, in the amount of R\$ 4.5 million;
- Hydrometer reading and bill delivery in the amount of R\$ 4.3 million due to the expansion of the TACE (external technical sales service) to special clients and the increase in the number of connections;
- New hiring for charging of overdue bill collection in the amount of R\$ 2.2 million; and
- Expenses with the maintenance and adjustment of the Call Center facility for the São Paulo Metropolitan Region, in the amount of R\$ 2.1 million.

In 2007, third-party expenses fell by R\$ 10.6 million due to the change in the booking of expenses related to the software license agreements over a period of 36 months.

In the 4Q07, third-party expenses rose by R\$ 15.2 million or 9.9% compared to the same period of 2006.

4.5. Electric power

Electric power increased by R\$ 25.7 million or 5.7%, from R\$ 448.8 million to R\$ 474.5 million.

This increase was due to the 6.5% weighted average tariff increase between the captive and free markets and to the 0.8% drop resulting from the energy efficiency program, the optimization of supply agreements with the electric power concessionaires and the decrease in produced volume of water.

In the 4Q07 this item dropped R\$ 4.7 million due to the factors mentioned above.

4.6. General expenses

In 2007 general expenses moved up R\$ 171.6 million or 81.7%, from R\$ 210.1 million to R\$ 381.7 million, due to:

- New provisions for lawsuits mainly related to clients in the amount of R\$163.3 million. This increase was due to research, considering the history of these lawsuits in order to make a better outlook for future disbursement; and
- The R\$ 5.9 million increase in charges for the use of water in the Piracicaba, Capivari, Jundiaí, Jaguari, Atibaia and Paraíba do Sul river basins, of which R\$ 1.8 million was paid to the ANA Agência Nacional de Águas (National Water Agency) and R\$ 4.2 million paid to Secretaria do Meio-Ambiente (Environmental Secretariat) as of September 2007.

The payments are made according to the following progressive table:

| Year | State | Federal |
|------|-------|---------|
| 2006 | - | 60% |
| 2007 | 60% | 75% |
| 2008 | 75% | 100% |
| 2009 | 100% | 100% |

In the 4Q07 the R\$ 132.0 million increase was mainly due to provision for contingencies.

4.7. Depreciation and amortization

Depreciation and amortization dropped by R\$ 19.7 million or 3.1%, from R\$ 642.2 million to R\$ 622.5 million, regarding the transfer of properties, plants and equipment to the fixed assets in operation during 2007, proportionally lower than in 2006.

4.8. Credit write-offs

In 2007, credit write-offs declined R\$ 88.6 million or 21.5%, from R\$ 411.9 million to R\$ 323.3 million, mainly due to:

- Adjustments in the final balance of Revenues to be Identified in the amount of R\$ 93.8 million in 2006; and
- Credit recovery in the amount of R\$ 7.1 million.

4.9. Tax expenses

In 2007 tax expenses grew by 30.5%, corresponding to an increase of R\$ 10.2 million due to the end of Sabesp's exemption from the Municipal Real Estate Tax (IPTU) in the municipality of São Paulo.

The R\$ 9.0 million increase in tax expenses in 4Q07 was a result of the payment of the IPTU tax as mentioned above.

5. Financial expenses and revenues

5.1. Financial expenses

In 2007, financial expenses grew by R\$ 84.7 million, or 12.3%, as follows:

| | <i>R\$ million</i> | | | |
|---|--------------------|--------------|-------------|-------------|
| | 2006 | 2007 | Var. | % |
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 517.6 | 447.0 | (70.6) | (13.6) |
| Interest and charges on international loans and financing | 121.2 | 66.3 | (54.9) | (45.3) |
| Interest rate over foreign remittance | 12.6 | 6.4 | (6.2) | (49.2) |
| Other financial expenses | 38.6 | 69.3 | 30.7 | 79.5 |
| Provisions | (2.7) | 183.0 | 185.7 | - |
| Total financial expenses | 687.3 | 772.0 | 84.7 | 12.3 |
| Financial revenues | 97.5 | 98.1 | 0.6 | 0.6 |
| Financial expenses net of revenues | 589.8 | 673.9 | 84.1 | 14.3 |

The highlights for domestic financing were:

- The R\$ 70.6 million drop in the amount paid regarding interest for domestic financing due to the prepayment in April 2006 of the 1st series of the 5th debenture, the settlement in March 2007 of the 2nd series of the 5th debenture, the settlement in September 2007 of the 1st series of the 6th debenture and the amortization of the 4th debenture throughout 2006 in December. The settlement in April 2006 of the 1st series of the 5th debenture with funds raised from the FIDC enabled a drop from 1.1% p.a. to 0.7% p.a. in interest rate.

The highlights for international financing were:

- The R\$ 18.3 million decline in interest on Eurobonds due to the prepayment of part of the 2008 Eurobonds in November 2006. With the new issuance, Eurobonds 2016, interest rates dropped from 12% p.a. to 7.5% p.a.;
- Drop on interest in international financing of R\$ 5.2 million, due to settlement of the principal amount of the agreement with IDB (Inter-American Development Bank) in January, June, July and December 2007 and with the World Bank in April 2007; and
- Non-recurring expenses in 2007 with the payment of premiums for the adhesion to the partial prepayment of the 2008 Eurobonds in the amount of R\$ 31.4 million.

Regarding other financial expenses, which increased by R\$ 30.7 million, the payment of interest and lawsuits mentioned in the general expenses section in the amount of R\$ 47.8 million stands out, partially offset by the decrease in the long term interest rate (TJLP) in the PAES (Special Installment Program) in the amount of R\$ 4.4 million.

In 2007 the Company recorded provisions of R\$ 183.0 million for the financial expenses regarding the lawsuits mentioned at the general expenses section.

6. Foreign exchange and indexation

6.1. Variation on liability

The net effect of the foreign exchange and indexation was R\$ 79.0 million positive in 2007 versus R\$ 1.5 million negative in 2006 due to:

- The higher appreciation of the Brazilian Real in 2007 (17.2%), versus 2006 (8.7%), resulting in a R\$ 92.2 million variation; and
- The increase in the General Market Price Index (IGPM) in 2007 (from 3.9% in 2006 to 7.8% in 2007) generating a monetary variation of R\$ 11.7 million.

| | <i>R\$ million</i> | | | |
|--|--------------------|---------------|---------------|----------|
| | 2006 | 2007 | Var. | % |
| Monetary variation over loans and financing | 97.6 | 109.3 | 11.7 | 12.0 |
| Currency exchange variation over loans and financing | (96.1) | (188.3) | (92.2) | 95.9 |
| Variation on liabilities | 1.5 | (79.0) | (80.5) | - |

6.2. Variation on assets

Foreign exchange and indexation increased by R\$ 6.0 million or 21.4% from R\$ 28.0 million to R\$ 34.0 million in 2007, mainly due to agreements on debt rescheduling

7. Non-operating result

Non-operating result grew R\$ 15.7 million or 30.8%, from R\$ 50.9 million expense to R\$ 35.2 million in 2007, due to:

7.1. Non-operating revenues

Non-operating revenues moved up R\$ 42.5 million, from R\$ 10.1 million to R\$ 52.6 million in 2007, mainly due to the auction of unusable materials, the booking of reimbursement payables overdue for more than 5 years and the sale of electric power leftovers.

7.2. Non-operating expenses

Non-operating expenses climbed R\$ 22.6 million or 38.5% due to the write-off of discontinued properties, plants and equipments and obsolete projects.

8. Operating indicators

The following table shows the continuous expansion of the services rendered by the Company.

| Operating indicators* | 2006 | 2007 | % |
|------------------------------|-------------|-------------|----------|
|------------------------------|-------------|-------------|----------|

| | | | |
|---|--------|--------|-------|
| Water connections (1) | 6.609 | 6.767 | 2,4 |
| Sewage connections (1) | 5.002 | 5.167 | 3,3 |
| Population directly served - water (2) | 22.700 | 22.959 | 1,1 |
| Population directly served - sewage (2) | 18.519 | 18.881 | 2,0 |
| Number of employees | 16.978 | 16.850 | (0,8) |
| Number of water and sewage connections per employee | 684 | 708 | 3,5 |
| Water volume produced | 2.887 | 2.874 | (0,5) |
| Water losses (%) | 31,9 | 29,5 | (7,5) |

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

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

* Not-audited

9. Loans and financing

In 2007 Sabesp amortized R\$ 734.8 million of its debt and contracted new debt in the amount of R\$ 222.5 million. The net balance was a R\$ 512.3 million drop in total indebtedness. As a consequence, the total debt to EBITDA ratio recorded an expressive improvement, from 2.6x in 2006 to 2.1x in 2007. Foreign exchange variation dropped from 23.3% to 21.9% . Net debt/EBITDA improved from 2,45x to 1,93x. The net debt to shareholders equity moved from 66.5% to 53.4% .

R\$ million

| INSTITUTION | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 and onwards | Total |
|-----------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|-------------------------|----------------|
| Local market | | | | | | | | |
| Banco do Brasil | 238.2 | 259.2 | 282.2 | 307.1 | 334.3 | 363.9 | 95.9 | 1,880.8 |
| Caixa Econômica Federal | 58.3 | 61.9 | 66.4 | 71.9 | 77.7 | 77.8 | 135.2 | 549.2 |
| Debentures | - | 768.7 | 321.3 | 387.4 | - | - | - | 1,477.4 |
| FIDC - SABESP I | 55.5 | 55.6 | 55.6 | 13.9 | - | - | - | 180.6 |
| BNDES | 41.9 | 41.9 | 41.9 | 41.9 | 36.0 | 4.0 | - | 207.6 |
| Others | 3.1 | 6.9 | 6.2 | 5.7 | - | - | - | 21.9 |
| Interest and charges | 93.4 | 14.2 | 14.2 | 3.6 | - | - | - | 125.4 |
| Local market total | 490.4 | 1,208.4 | 787.8 | 831.5 | 448.0 | 445.7 | 231.1 | 4,442.9 |
| International market | | | | | | | | |
| IDB | 64.8 | 64.7 | 64.8 | 64.8 | 64.8 | 64.8 | 376.7 | 765.4 |
| Eurobonds | 173.7 | - | - | - | - | - | 248.0 | 421.7 |
| JBIC | - | - | - | 1.1 | 2.2 | 2.2 | 36.5 | 42.0 |
| Interest and charges | 13.2 | - | - | - | - | - | - | 13.2 |
| International market total | 251.7 | 64.7 | 64.8 | 65.9 | 67.0 | 67.0 | 661.2 | 1,242.3 |
| Total | 742.1 | 1,273.1 | 852.6 | 897.4 | 515.0 | 512.7 | 892.3 | 5,685.2 |

10. Conference calls

In Portuguese

April 2, 2008

1:00 PM (US EST) / 2:00 PM (Brasília Time)

Dial in access: 55 11 2188-0188

Conference ID: Sabesp

Replay available until 4/8/2008

Dial in access: 55 11 2188-0188

Replay ID: Sabesp

In English

April 2, 2008

3:30 PM (US EST) / 4:30 PM (Brasília Time)

Dial in access: 1 973 935-8893

Conference ID: 39746596

Replay available until 4/8/2008

Dial in access: 1 706 645-9291

Replay ID: 39746596

Live webcast at www.sabesp.com.br

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Income Statement

| Corporate Law Method (Law No. 6,404/76) | R\$ thousand | | |
|---|---------------------|-------------------|-------------|
| | 2007 | 2006 | % |
| Gross Revenue from Sales and Services | 6,448,211 | 5,984,012 | 7.8 |
| Water Supply - Retail | 3,325,826 | 3,093,121 | 7.5 |
| Water Supply - Wholesale | 291,705 | 265,298 | 10.0 |
| Sewage Collection and Treatment | 2,724,400 | 2,532,666 | 7.6 |
| Sewage Collection and Treatment - Wholesale | 8,002 | - | - |
| Other Services | 98,278 | 92,927 | 5.8 |
| Taxes on Sales and Services - COFINS and PASEP | (477,369) | (456,679) | 4.5 |
| Net Revenue from Sales and Services | 5,970,842 | 5,527,333 | 8.0 |
| Costs of Sales and Services | (2,695,696) | (2,616,764) | 3.0 |
| Gross Profit | 3,275,146 | 2,910,569 | 12.5 |
| Selling Expenses | (639,552) | (719,185) | (11.1) |
| Administrative Expenses | (559,190) | (387,407) | 44.3 |
| Operating Income before Financial Expenses and Foreign Exchange gain (loss), net | 2,076,404 | 1,803,977 | 15.1 |
| Financial Income and Expenses, net | (748,995) | (658,863) | 13.7 |
| Foreign Exchange gain (loss), net | 188,038 | 95,598 | 96.7 |
| Operating Income | 1,515,447 | 1,240,712 | 22.1 |
| Non-Operating Expenses (Income) | | | |
| Non-Operating Income | 46,115 | 7,810 | 490.5 |
| Non-Operating Expense | (81,291) | (58,717) | 38.4 |
| Income (loss) before Taxes on Income | 1,480,271 | 1,189,805 | 24.4 |
| Income and Social Contribution Taxes | | | |
| Current Income Tax/Social Contribution | (543,345) | (383,123) | 41.8 |
| Deferred Income Tax/Social Contribution | 111,777 | 7,345 | 1,421.8 |
| Income (loss) before Extraordinary Item | 1,048,703 | 814,027 | 28.8 |
| Extraordinary item, net of income taxes and social contribution | - | (35,122) | (100.0) |
| Net Income (loss) | 1,048,703 | 778,905 | 34.6 |
| Registered common shares (thousand of shares) | 227,836 | 28,479,577 | - |

| | | | |
|--|------------------|------------------|--------------|
| Earnings per shares R\$ (per thousand shares in 2006) | 4.60 | 27.35 | - |
| Depreciation and Amortization | (622,549) | (642,171) | (3.1) |
| EBITDA | 2,698,953 | 2,446,148 | 10.3 |
| % over net revenue | 45.2% | 44.3% | |

Balance Sheet

| Brazilian Corporate Law | R\$ thousand | |
|---|---------------------|-------------------|
| ASSETS | 12/31/2007 | 12/31/2006 |
| Cash and Cash Equivalents | 464,997 | 328,206 |
| Accounts Receivable, net | 1,207,885 | 1,111,289 |
| Accounts Receivable from Shareholders | 338,506 | 367,864 |
| Inventory | 53,141 | 48,889 |
| Taxes and contributions | 9,414 | 31,582 |
| Other Receivables | 41,782 | 24,124 |
| Deferred income tax and social contribution | 108,792 | 7,078 |
| Total Current Assets | 2,224,517 | 1,919,032 |
| Long Term Assets: | | |
| Accounts Receivable, net | 278,787 | 296,562 |
| Accounts Receivable from Shareholders | 986,988 | 863,467 |
| Indemnities Receivable | 148,794 | 148,794 |
| Judicial Deposits | 19,806 | 33,835 |
| Taxes and contributions | 357,226 | 342,654 |
| Other Receivables | 75,202 | 52,238 |
| | 1,866,803 | 1,737,550 |
| Permanent Assets: | | |
| Investments | 720 | 720 |
| Permanent Assets | 14,060,073 | 13,837,498 |
| Intangible Assets | 507,789 | 495,118 |
| Deferred Assets | 3,474 | 10,035 |
| | 14,572,056 | 14,343,371 |
| Total Permanent Assets | 16,438,859 | 16,080,921 |
| Total Assets | 18,663,376 | 17,999,953 |
| LIABILITIES | 12/31/2007 | 12/31/2006 |
| Suppliers and Constructors | 165,267 | 144,167 |
| Loans and Financing | 742,114 | 852,475 |
| Salaries and Payroll Charges | 166,797 | 177,705 |
| Taxes and contributions payable | 127,735 | 105,552 |
| Taxes and contributions | 75,249 | 76,359 |
| Interest on Own Capital Payable | 680,339 | 511,519 |
| Provision for Judicial Pendencies | 290,172 | 2,294 |
| Services Payable | 156,987 | 152,953 |
| Other Payables | 50,077 | 78,912 |

| | | |
|---|-------------------|-------------------|
| Total Current Liabilities | 2,454,737 | 2,101,936 |
| Long Term Liabilities: | | |
| Loans and Financing | 4,943,121 | 5,474,254 |
| Taxes and contributions payable | 197,635 | 230,440 |
| Deferred Taxes and Contributions | 159,865 | 146,901 |
| Provision for Contingencies | 655,084 | 655,258 |
| Pension Fund Obligations | 365,234 | 321,212 |
| Other Payables | 103,694 | 51,470 |
| Long Term Liabilities | 6,424,633 | 6,879,535 |
| Capital Stock | 3,403,688 | 3,403,688 |
| Capital Reserves | 124,255 | 106,690 |
| Revaluation Reserves | 2,339,829 | 2,427,499 |
| Profit Reserves | 3,916,234 | 3,080,605 |
| Accrued income | - | - |
| Shareholder's Equity | 9,784,006 | 9,018,482 |
| Total Liabilities and Shareholder's Equity | 18,663,376 | 17,999,953 |

Cash Flow

| Brazilian Corporate Law | R\$ thousand | |
|--|---------------------|-------------------|
| Description | Jan-Dec/07 | Jan-Dec/06 |
| Cash flow from operating activities | | |
| Net income for the period | 1,048,703 | 778,905 |
| Adjustments for reconciliation of net income | | |
| Deferred income tax and social contribution | (104,432) | (8,473) |
| Provisions for contingencies | 477,722 | 144,480 |
| Reversion of provision for losses | (945) | (8,819) |
| Other provisions | 155 | 7,504 |
| Liabilities related to pension plans | 59,931 | 60,070 |
| Loss in the write-off of property, plant and equipment | 68,349 | 47,807 |
| Deferred asset write-offs | 1,276 | 5,195 |
| Investments write-offs | - | 20 |
| Gain with the sale of investments | 219 | (1,294) |
| Depreciation and Amortization | 622,549 | 642,171 |
| Interest calculated on loans and financing payable | 519,672 | 619,909 |
| Foreign exchange loss on loans and financing | (87,101) | (9,477) |
| Monetary variation on interest on own capital | 4,462 | - |
| Passive monetary exchange variation and interest | 12,218 | 17,646 |
| Active monetary exchange variation and interest | (21,121) | (16,549) |
| Provisions for bad debt | 323,339 | 411,918 |
| Adjusted Net Income | 2,924,996 | 2,691,013 |
| (Increase) decrease in assets: | | |
| Clients | (400,944) | (458,824) |
| Accounts receivable from shareholders | (81,741) | (151,343) |
| Inventories | (3,307) | (12,851) |
| Recoverable Taxes | 22,168 | (30,729) |
| Other accounts receivable | (22,877) | (14,671) |
| Judicial deposits | 9,706 | (21,012) |
| Increase (decrease) in liabilities: | | |
| Accounts payable to suppliers and contractors | (14,055) | 50,176 |
| Salaries and payroll charges | (10,908) | 60,416 |
| Taxes and contributions | (22,840) | (43,899) |
| Services payable | 4,034 | 45,293 |
| Other accounts payable | (27,055) | 2,472 |
| Contingencies | (145,668) | (79,801) |
| Pension plan | (15,909) | (15,416) |
| Net cash from operating activities | 2,215,600 | 2,020,824 |
| Cash flow from investing activities: | | |
| Acquisition of property, plant and equipment | (848,878) | (842,454) |
| Increase in intangible assets | (32,818) | (12,630) |

| | | |
|--|--------------------|--------------------|
| Sale of property, plant and equipment | - | 7,837 |
| Increase in Deferred Assets | - | (2,789) |
| Net cash used in investing activities | (881,696) | (850,036) |
| Cash flow from financing activities | | |
| Loans and Financing - long term | | |
| Funding | 222,474 | 706,774 |
| Payments | (1,283,201) | (1,660,482) |
| Interest on own capital payment | (136,386) | (169,047) |
| Net cash used in financing activities | (1,197,113) | (1,122,755) |
| | | |
| Net increase (decrease) in cash equivalents | 136,791 | 48,033 |
| | | |
| Cash and cash equivalents at the beginning of the period | 328,206 | 280,173 |
| Cash and cash equivalents at the end of the period | 464,997 | 328,206 |
| | | |
| Change in Cash | 136,791 | 48,033 |
| | | |
| Additional information on cash flow: | | |
| Interest and taxes over loans and financing | 548,417 | 637,989 |
| Capitalization of interest and financial charges | (13,338) | 5,784 |
| Payable income tax and social contribution | 499,318 | 404,272 |
| Property, plant and equip. received as donations and/or paid in stocks | 17,565 | 27,870 |
| COFINS and PASEP taxes payable | 472,060 | 440,883 |
| Judicial agreements | 34,071 | - |
| National Water Agency Program | 16,219 | - |
| Acquisition of fixed assest payable | 35,154 | 16,210 |

