

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

March 30, 2009

**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 March 30, 2009

(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 4Q08 results

São Paulo, March 26, 2009 - **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 on the number of customers, announces today its **results for the fourth quarter of 2008 (4Q08) and fiscal year of 2008**. 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 2007.

SBSP3: R\$ 26.07 / share
SBS US\$ 23.26 (ADR=2
shares)
Total shares: 227,836,623
Market value: R\$ 5.9 billion
Closing price: March 26, 2009

1. Net Operating Revenue*R\$ million*

| | 4Q07 | 4Q08 | Chg. | % | 2007 | 2008 | Chg. | % |
|--|---------|---------|--------|-------|---------|---------|--------|-------|
| (+) Gross operating revenue | 1,689.2 | 1,835.6 | 146.4 | 8.7 | 6,448.2 | 6,838.8 | 390.6 | 6.1 |
| (-) COFINS and PASEP taxes | 122.6 | 130.4 | 7.8 | 6.4 | 477.4 | 487.1 | 9.7 | 2.0 |
| (=) Net operating revenue | 1,566.6 | 1,705.2 | 138.6 | 8.8 | 5,970.8 | 6,351.7 | 380.9 | 6.4 |
| (-) Costs and expenses | 1,140.4 | 1,125.2 | (15.2) | (1.3) | 3,887.9 | 4,129.2 | 241.3 | 6.2 |
| (=) Earnings before financial expenses (EBIT*) | 426.2 | 580.0 | 153.8 | 36.1 | 2,082.9 | 2,222.5 | 139.6 | 6.7 |
| (+) Depreciation and amortization | 147.3 | 152.4 | 5.1 | 3.5 | 616.0 | 617.8 | 1.8 | 0.3 |
| (=) EBITDA** | 573.5 | 732.4 | 158.9 | 27.7 | 2,698.9 | 2,840.3 | 141.4 | 5.2 |
| (%) EBITDA margin | 36.6 | 43.0 | - | - | 45.2 | 44.7 | - | - |
| Net income | 84.6 | 113.3 | 28.7 | 33.9 | 1,055.3 | 1,008.1 | (47.2) | (4.5) |
| Earnings per share (R\$) | 0.37 | 0.50 | - | - | 4.63 | 4.42 | - | - |

(*) Earnings before interest and taxes

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

In 2008, net operating revenue totaled R\$ 6.4 billion, a 6.4% increase compared to 2007. Costs and expenses, stood at R\$ 4.1 billion, 6.2% higher than in the previous year. EBITDA grew 5.2%, from R\$ 2.7 billion in 2007 to R\$ 2.8 billion in 2008.

Earnings before financial expenses (EBIT) increased 6.7%, from R\$ 2.1 billion in 2007 to R\$ 2.2 billion in 2008.

2. Gross operating revenue

In 2008, gross operating revenue grew R\$ 390.6 million, or 6.1%, from R\$ 6.4 billion in 2007 to R\$ 6.8 billion in 2008. The main reasons for this increase were:

- The 4.3% average increase in 2008 tariffs in comparison to 2007, due to tariff adjustment as of September 2007 (4.12%) and September 2008 (5.10%);
- The 2.0% growth in billed water and sewage volume, 1.8% of which corresponded to retail and 4.4% to wholesale.

3. Billed volume

The following tables show billed water and sewage volume per customer category and region in 4Q07 and 4Q08, and fiscal years of 2007 and 2008.

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

| | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 4Q07 | 4Q08 | % | 4Q07 | 4Q08 | % | 4Q07 | 4Q08 | % |
| Residential | 340.3 | 347.1 | 2.0 | 271.4 | 279.3 | 2.9 | 611.7 | 626.4 | 2.4 |
| Commercial | 38.3 | 39.2 | 2.3 | 35.1 | 36.1 | 2.8 | 73.4 | 75.3 | 2.6 |
| Industrial | 8.9 | 9.0 | 1.1 | 8.3 | 8.5 | 2.4 | 17.2 | 17.5 | 1.7 |
| Public | 11.8 | 12.1 | 2.5 | 9.5 | 9.9 | 4.2 | 21.3 | 22.0 | 3.3 |
| Total retail | 399.3 | 407.4 | 2.0 | 324.3 | 333.8 | 2.9 | 723.6 | 741.2 | 2.4 |
| Wholesale | 70.6 | 72.6 | 2.8 | 6.4 | 6.5 | 1.6 | 77.0 | 79.1 | 2.7 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 469.9 | 480.1 | 2.2 | 330.7 | 340.3 | 2.9 | 800.6 | 820.4 | 2.5 |
| | 2007 | 2008 | % | 2007 | 2008 | % | 2007 | 2008 | % |
| Residential | 1,338.8 | 1,358.7 | 1.5 | 1,065.1 | 1,088.8 | 2.2 | 2,403.9 | 2,447.5 | 1.8 |
| Commercial | 151.2 | 154.0 | 1.9 | 138.4 | 141.8 | 2.5 | 289.6 | 295.8 | 2.1 |
| Industrial | 35.3 | 35.7 | 1.1 | 33.3 | 33.9 | 1.8 | 68.6 | 69.6 | 1.5 |
| Public | 47.4 | 47.1 | (0.6) | 37.8 | 38.0 | 0.5 | 85.2 | 85.1 | (0.1) |
| Total retail | 1,572.7 | 1,595.5 | 1.4 | 1,274.6 | 1,302.5 | 2.2 | 2,847.3 | 2,898.0 | 1.8 |
| Wholesale | 274.3 | 284.5 | 3.7 | 24.9 | 27.9 | 12.0 | 299.2 | 312.4 | 4.4 |
| Reused water | - | 0.2 | - | - | - | - | - | 0.2 | - |
| Total | 1,847.0 | 1,880.2 | 1.8 | 1,299.5 | 1,330.4 | 2.4 | 3,146.5 | 3,210.6 | 2.0 |

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

| | Water | | | Sewage | | | Water + Sewage | | |
|-------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 4Q07 | 4Q08 | % | 4Q07 | 4Q08 | % | 4Q07 | 4Q08 | % |
| Metropolitan | 265.5 | 271.6 | 2.4 | 219.6 | 226.4 | 3.1 | 484.8 | 498.0 | 2.7 |
| Regional ⁽²⁾ | 134.1 | 135.8 | 1.3 | 104.7 | 107.4 | 2.6 | 238.8 | 243.2 | 1.8 |
| Total retail | 399.3 | 407.4 | 2.0 | 324.3 | 333.8 | 2.9 | 723.6 | 741.2 | 2.4 |
| Wholesale | 70.6 | 72.6 | 2.8 | 6.4 | 6.5 | 1.6 | 77.0 | 79.1 | 2.7 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 469.9 | 480.1 | 2.2 | 330.7 | 340.3 | 2.9 | 800.6 | 820.4 | 2.5 |
| | 2007 | 2008 | % | 2007 | 2008 | % | 2007 | 2008 | % |
| Metropolitan | 1,046.8 | 1,065.9 | 1.8 | 866.0 | 887.3 | 2.5 | 1,912.8 | 1,953.2 | 2.1 |
| Regional ⁽²⁾ | 525.9 | 529.6 | 0.7 | 408.6 | 415.2 | 1.6 | 934.5 | 944.8 | 1.1 |
| Total retail | 1,572.7 | 1,595.5 | 1.4 | 1,274.6 | 1,302.5 | 2.2 | 2,847.3 | 2,898.0 | 1.8 |
| Wholesale | 274.3 | 284.5 | 3.7 | 24.9 | 27.9 | 12.0 | 299.2 | 312.4 | 4.4 |
| Reused water | - | 0.2 | - | - | - | - | - | 0.2 | - |
| Total | 1,847.0 | 1,880.2 | 1.8 | 1,299.5 | 1,330.4 | 2.4 | 3,146.5 | 3,210.6 | 2.0 |

(1) Not revised by the Independent Auditors

(2) Including coastal and interior regions

4. Costs, administrative and selling expenses

In 2008, costs of products and services, administrative and selling expenses increased 6.2% (R\$ 241.3 million). Costs and expenses as a percentage of net revenue remained stable in 65.0% in 2008.

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|----------------|---------------|--------------|----------------|----------------|--------------|------------|
| | 4Q07* | 4Q08 | Chg. | % | 2007* | 2008 | Chg. | % |
| Payroll and benefits | 321.8 | 352.2 | 30.4 | 9.4 | 1,265.7 | 1,353.8 | 88.1 | 7.0 |
| Supplies | 33.6 | 42.9 | 9.3 | 27.7 | 131.8 | 146.5 | 14.7 | 11.2 |
| Treatment supplies | 21.4 | 33.1 | 11.7 | 54.7 | 112.3 | 133.1 | 20.8 | 18.5 |
| Services | 168.7 | 234.9 | 66.2 | 39.2 | 539.0 | 688.6 | 149.6 | 27.8 |
| Electric power | 113.8 | 116.7 | 2.9 | 2.5 | 474.5 | 459.6 | (14.9) | (3.1) |
| General expenses | 223.6 | 98.2 | (125.4) | (56.1) | 381.7 | 345.0 | (36.7) | (9.6) |
| Tax expenses | 18.2 | 11.2 | (7.0) | (38.5) | 43.6 | 48.5 | 4.9 | 11.2 |
| Sub-total | 901.1 | 889.2 | (11.9) | (1.3) | 2,948.6 | 3,175.1 | 226.5 | 7.7 |
| Depreciation and amortization | 147.3 | 152.4 | 5.1 | 3.5 | 616.0 | 617.8 | 1.8 | 0.3 |
| Credit write-offs | 92.0 | 83.6 | (8.4) | (9.1) | 323.3 | 336.3 | 13.0 | 4.0 |
| Costs, administrative and selling expenses | 1,140.4 | 1,125.2 | (15.2) | (1.3) | 3,887.9 | 4,129.2 | 241.3 | 6.2 |
| % over net revenue | 72.8 | 66.0 | | | 65.1 | 65.0 | | |

* Adjusted

4.1. Payroll and benefits

In 2008 payroll and benefits grew R\$ 88.1 million or 7.0%, from R\$ 1,265.7 million to R\$ 1,353.8 million, due to:

- Wage increase of 5.03% as of May 2008; and
- R\$ 10.6 million increase in provision for pension plan obligations, due to the change in the discount rate used for actuarial calculation, from 8.0% in 2007 to 6.6% in 2008.

In 4Q08 payroll and benefits increased R\$ 30.4 million, or 9.4%, reflecting the same impacts that affected the full-year period.

4.2. Supplies

In 2008, supplies grew R\$ 14.7 million or 11.2% over the same period of the previous year, from R\$ 131.8 million to R\$ 146.5 million. The main reasons for this increase were suppliers used in the maintenance of water and sewage treatment stations and electrical and electro-mechanical systems in water pump stations and sewage treatment expenses, and the intensification of the Water Loss Reduction Program operations.

In 4Q08 residential connection, water network and system maintenance supply expenses increased R\$ 9.3 million, or 27.7% .

4.3. Treatment supplies

In 2008, expenses with chemicals grew R\$ 20.8 million or 18.5%, from R\$ 112.3 million in 2007 to R\$ 133.1 million in 2008. This increase occurred in spite of the 0.7% decline in the volume of water produced and the 8.8% reduction in the use of chemicals. The upturn in expenses was basically due to the increase in the price of certain products, which substantially outpaced inflation, with the average cost at R\$/1,000 m³ climbing by 12.6% over the year before. The highlights were:

- Change of R\$ 10.4 million due to the increase in aluminum polychloride consumption in certain water treatment plants as a result of the replacement of aluminum sulphate and iron sulphate. In addition to increasing treatment efficiency, the price of this product rose 11%, while that of aluminum sulphate and iron sulphate climbed 39.4% and 22.0%, respectively; and
- In spite of the 8.5% decline in chloride consumption, expenses rose R\$ 3.0 million due to price adjustments.

In 4Q08, treatment supplies increased R\$ 11.7 million, or 54.7%, reflecting the same impacts that affected the full-year period.

4.4. Services

In the 2008, this item grew R\$ 149.6 million or 27.8%, from R\$ 539.0 million to R\$ 688.6 million. The main factors leading to this increase were:

- Expenses with advertising campaigns focused on social environmental initiatives, such as Onda Limpa, *Córrego Limpo*, Planeta Sustentável, among others, in the amount of R\$ 32.4 million, which will be recurring for the coming quarters;
- Expenses with risk contracts for the recovery of credits in the amount of R\$ 16.3 million, due to the intensification of collection operations, which led to a R\$ 138.0 million increase in revenue in 2008;
- Preventive and corrective maintenance of water and sewage treatment systems in the amount of R\$ 11.5 million;
- Residential connection and sewage network maintenance in the amount of R\$ 11.0 million, due to the intensification of the operations to meet the demands of the *Córrego Limpo* Program with the Municipality of São Paulo;
- Professional services in the amount of R\$ 8.7 million due to the hiring of consultancy and advisory firms, as well as other specialized services focused on several areas, such as: implementation of Added-Value Management (GVA), valuation of the EMAE (Metropolitan Company of Water and Energy), hiring of the FIPECAFI (Actuarial and Economic Research Institute Foundation) to update the amounts related to the complementation of pensions, and others;
- Higher expenses with paving and pavement replacing services in the amount of R\$ 7.3 million, due to the intensification of paving services regulation and improvement in the quality of the materials used in asphalt replacement;
- Hydrometer reading and bill delivery in the amount of R\$ 6.4 million, due to the expansion of the number of connections and utilization of new technologies, increasing security and speeding up the system for issuing and reading the bills;
- Expenses with the implementation of PURA (Program for the Rational Use of Water) at municipals schools in the amount of R\$ 5.4 million, as a result of the partnership established between Sabesp and the São Paulo municipal government in 2007;
- Software maintenance in the amount of R\$ 2.9 million, due to updating of antispaam software and the modernization of commercial systems (development of the administrative collection, interactive research, network deployment and material balance modules);
- Spending to combat fraud in the amount of R\$ 2.8 million, due to the beginning of the new fraud oversight agreement, which positively affected results;
- Expenses with fire prevention, detection and fighting in the amount of R\$ 2.7 million in the IT area;
- Car rental expenses totaling R\$ 2.3 million, due to the replacement of the Company's own fleet as of 2008, generating financial and operating savings.

In 4Q08 services grew R\$ 66.2 million or 39.2% compared to same period of previous year, mainly due to expenses with advertising campaigns and propaganda and risk contracts for credit recovery.

4.5. Electric power

In 2008, electric power dropped R\$ 14.9 million or 3.1%, from R\$ 474.5 million to R\$ 459.6 million. This result was due to:

- The 8.4% adjustment in the tariff from the captive market, which is responsible for 77.0% of total installed capacity of electric power, leading to a 4.1% reduction in the weighted average tariff between the captive and the free market;
- Optimization of electric power supply contracts, generating savings of R\$ 2.3 million ; and
- Electric power efficiency savings of R\$ 0.5 million.

| | Participation (%) | Average Price Change (%) | Weighted Average (%) |
|----------------|----------------------|---------------------------------|-------------------------|
| Free market | 23.0 | 10.6 | 2.4 |
| Captive market | 77.0 | (8.4) | (6.5) (4.1) |

In 4Q08, electric power grew R\$ 2.9 million. In spite of the 0.8% tariff increase in the captive market, the weighted average tariff between the captive and the free market moved up by 1.8% .

| | Participation (%) | Average Price Change (%) | Weighted Average (%) |
|----------------|----------------------|---------------------------------|-------------------------|
| Free market | 23.0 | 10.5 | 2.4 |
| Captive market | 77.0 | (0.8) | (0.6) 1.8 |

4.6. General expenses

In 2008, general expenses dropped R\$ 36.7 million or 9.6%, from R\$ 381.7 million to R\$ 345.0 million, due to:

- Decline of R\$ 48.5 million in provisions for lawsuit indemnities related mainly to clients, as a result of the adjustment made in 2007, considering the historical record of the results of such lawsuits in order to achieve a better estimate of future disbursements;
- Increase of R\$ 2.9 million in the amount charged for the use of water from the Piracicaba, Capivari and Jundiaí river basins, R\$ 1.8 million of which to the National Water Agency ANA, and R\$ 0.6 million of the State's Environmental Department collection in 2008; and
- Institutional support in the amount of R\$ 3.1 million.

In 4Q08, general expenses dropped R\$ 125.4 million associated, mainly, to provision for contingencies.

4.7. Credit write-offs

In 2008 credit write-offs grew R\$ 13.0 million or 4.0%, from R\$ 323.3 million to R\$ 336.3 million, due to the need to complement provision for debt overdue by more than 360 days, offset by the recovery of credits due to the execution of installment agreements with municipalities and verification of judicial deposits of the municipality of Guarulhos.

4.8. Tax expenses

In 2008 tax expenses grew R\$ 4.9 million or 11.2%, due to:

- Payment of the TRCF (Regulation, Control and Oversight Fee) to ARSESP (São Paulo State Sanitation and Energy Regulatory Agency) in the amount of R\$ 25.3 million;
- Payment of the IOF (Tax on Financial Transactions) in the amount of R\$ 2.9 million, arising from the AB LOAN funding; and

- The R\$ 28.3 million drop as a result of the extinction of the CPMF (Tax on Bank Account Transactions) tax on December 31, 2007.

In 4Q08 tax expenses dropped R\$ 7.0 million due retroactive payment of the IPTU tax to São Paulo municipality, in November 2007.

5. Revenues and operating expenses

5.1. Operating revenues

The other operating revenues increased R\$ 17.7 million in 2008, mainly due to sale of real estate properties in the Pinheiros neighborhood, in São Paulo city.

5.2. Operating expenses

Operating expenses climbed R\$ 92.2 million or 113.4%, mainly as a result of the fixed asset write-off booked due to the settlement of the Third Amendment to the GESP Agreement that establishes the full incorporation of the assets verified at the Alto Tietê System's equity appraisal report, partially offset by the lower number of works and projects suspended due to obsolescence.

6. Financial revenues and expenses

6.1. Financial expenses

| | 2007 | 2008 | Var. | <i>R\$ million</i> % |
|---|--------------|--------------|----------------|-------------------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 447.0 | 423.2 | (23.8) | (5.3) |
| Interest and charges on international loans and financing | 66.3 | 71.3 | 5.0 | 7.5 |
| Interest rate over foreign remittance | 6.3 | 5.0 | (1.3) | (20.6) |
| Interest rate over lawsuit indemnity, net of provisions | 230.9 | 221.7 | (9.2) | (4.0) |
| Other financial expenses | 21.5 | (35.2) | (56.7) | (263.7) |
| Total financial expenses | 772.0 | 686.0 | (86.0) | (11.1) |
| Financial revenues | 98.1 | 150.2 | 52.1 | 53.1 |
| Financial expenses net of revenues | 673.9 | 535.8 | (138.1) | (20.5) |

In 2008, financial expenses dropped R\$ 86.0 million or 11.1%, as described below:

Regarding domestic financing, we highlight: the R\$ 23.8 million drop in interest due to the settlement of the 2nd series of the 5th debenture issue, in March, 2007; the settlement of the 1st series of the 6th debenture issue; and amortizations of other financings; and

Regarding international financing, we highlight the R\$ 5.0 million interest increase, due to the new funding, AB LOAN, contracted in June, 2008, in the amount of R\$ 16.4 million in 2008.

This increase was partially offset by the settlement of Eurobonds in June 2008, with a R\$ 7.6 million variation, and the payment of BID's principal in 2007 and 2008, in the amount of R\$ 3.8 million.

Decrease in interest on lawsuits in the amount of R\$ 9.2 million, following the change in the likelihood of lawsuit loss, as indicated in the item general expenses section.

Other financial expenses decreased R\$ 56.7 million, due to adjustment in the interest calculations regarding the special installment (PAES).

6.2. Financial revenues

Financial revenues recorded an increase of R\$ 52.1 million mainly due to interest on customer installment agreements.

7. Foreign exchange and indexation

| | 2007 | 2008 | Var. | R\$ million % |
|--|----------------|--------------|--------------|------------------|
| Monetary variation over loans and financing | 101.3 | 127.9 | 26.6 | 26.3 |
| Currency exchange variation over loans and financing | (188.4) | 436.2 | 624.6 | (331.5) |
| Other variations | 8.1 | 20.5 | 12.4 | 153.1 |
| Variation on liabilities | (79.0) | 584.6 | 663.6 | (840.0) |
| Variation on assets | 34.0 | 417.7 | 383.7 | 1,128.5 |
| Net Variation | (113.0) | 166.9 | 279.9 | (247.7) |

7.1. Variation on liabilities

The net effect of the variation on liabilities was R\$ 663.6 million higher in 2008 versus 2007, due to the:

- 31.9% US Dollar appreciation versus the Brazilian Real in 2008, compared to a US dollar depreciation in 2007 (17.1%), with a R\$ 188.4 million gain, totaling a net impact of R\$ 624.6 million in exchange variations. The US Dollar denominated debt balance in 2007 was R\$ 1.2 billion (US\$ 670.1 million), versus R\$ 1.9 billion (US\$ 802.3 million) in 2008;
- Addition of R\$ 26.6 million in monetary variation on debentures, resulting from a higher variation in the IGPM (General Market Price Index) 9.81% in 2008, versus 7.75% in the previous period, and also by a higher variation in the TR rate 1.63% in 2008 versus 1.45% in the previous period, leading to a higher monetary variation on other loans; and
- Other monetary variations from lawsuit indemnities increased R\$ 12.4 million.

7.2. Variation on assets

The variation on assets grew R\$ 383.7 million, mainly due to:

- R\$ 344.6 million update of the undisputed amount regarding supplementary retirement and pension remuneration as provided by the Third Amendment to the GESP (São Paulo State Government) Agreement; and
- Customer installment agreements and past due bills paid as a result of risk contracts.

8. Operating indicators

Sabesp, continuing its activities started in previous years, has been prioritizing activities to prevent and reduce water loss. In 2008, R\$ 219.0 million were directed to the Water Loss Reduction Program, of which R\$ 126.6 million in investments and R\$ 92.4 million in expenses. The program recorded very good results throughout 2008.

The water loss ratio dropped 6.1%, from 29.5% at the end of 2007 to 27.7% in 2008. This drop is shown by the 0.7% decrease in the volume of water produced combined to 1.8% increase in billed volume.

| Operating indicators* | 2007 | 2008 | % |
|----------------------------------|-------|-------|-----|
| Water connections ⁽¹⁾ | 6,767 | 6,945 | 2.6 |

| | | | |
|--|----------|----------|-------|
| Sewage connections ⁽¹⁾ | 5,167 | 5,336 | 3.3 |
| Population directly served - water ⁽²⁾ | 22,959.0 | 23,162.0 | 0.9 |
| Population directly served - sewage ⁽²⁾ | 18,881.0 | 19,198.0 | 1.7 |
| Number of employees | 16,850 | 16,649 | (1.2) |
| Water volume produced ⁽³⁾ | 2,873.7 | 2,852.6 | (0.7) |
| Water losses (%) | 29.5 | 27.7 | (6.1) |

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

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

(3) In million m³ at the end of the period. * Not revised by the Independent Auditors

9. Loans and financing

Net debt closed 2008 at R\$ 6,243.1 million, versus R\$ 5,220.2 million at the close of 2007, representing a growth of 19.6% . At the end of 2008, foreign currency debt was 33.2% versus 21.8% in 2007.

Due to the need to refinance debt and to higher investments in 2008, Sabesp contracted new debt in the amount of R\$ 1,049.9 million. Considering that at the same time the Company amortized a total of R\$ 629.5 million, the balance was a net increase of R\$ 420.4 million in total debt. Financial leverage measured by the Net Debt/EBITDA ratio rose from 1.9x in 2007 to 2.1x in 2008.

R\$
million

| INSTITUTION | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 and onwards | Total |
|-----------------------------------|----------------|--------------|----------------|--------------|--------------|--------------|------------------------|----------------|
| Local market | | | | | | | | |
| Banco do Brasil | 263.5 | 286.8 | 312.2 | 339.7 | 369.8 | 97.5 | - | 1,669.5 |
| Caixa Econômica Federal | 68.8 | 74.0 | 80.1 | 86.6 | 87.3 | 48.3 | 190.9 | 636.0 |
| Debentures | 790.3 | 353.2 | 458.7 | 32.9 | 72.7 | 39.8 | 39.8 | 1,787.4 |
| FIDC - SABESP I | 55.6 | 55.6 | 13.8 | - | - | - | - | 125.0 |
| BNDES | 42.8 | 42.8 | 42.8 | 36.9 | 4.2 | - | - | 169.5 |
| BNDES BX SANTISTA | - | - | - | 4.0 | 4.0 | 4.0 | 20.1 | 32.1 |
| Others | 2.8 | 7.2 | 6.4 | - | - | - | - | 16.4 |
| Interest and charges | 118.9 | 23.4 | 5.9 | - | - | - | - | 148.2 |
| Local market total | 1,342.7 | 843.0 | 919.9 | 500.1 | 538.0 | 189.6 | 250.8 | 4,584.1 |
| International market | | | | | | | | |
| IDB | 86.4 | 86.4 | 86.4 | 86.4 | 86.4 | 86.5 | 445.0 | 963.5 |
| Eurobonds | - | - | - | - | - | - | 327.2 | 327.2 |
| JBIC | - | - | 10.5 | 21.1 | 21.1 | 21.1 | 316.2 | 390.0 |
| IDB 1983AB | - | - | 55.1 | 55.6 | 55.6 | 55.6 | 358.6 | 580.5 |
| Interest and charges | 19.8 | - | - | - | - | - | - | 19.8 |
| International market total | 106.2 | 86.4 | 152.0 | 163.1 | 163.1 | 163.2 | 1,447.0 | 2,281.0 |
| Total | 1,448.9 | 929.4 | 1,071.9 | 663.2 | 701.1 | 352.8 | 1,697.8 | 6,865.1 |

10. Investment Program 2009-2013

In 2008, investments totaled R\$ 1.7 billion, with a significant increase in the amount invested in sewage. This amount includes the capitalization of financial expenses resulting from the exchange variation on the funding of works in progress, in the amount of R\$ 219.0 million.

2008 Investments (R\$ million)

| | Water | Sewage | TOTAL |
|---|--------------|---------------|--------------|
| Metropolitan Region of São Paulo | 433 | 353 | 786 |
| Regional Systems (Interior and Coastal) | 170 | 752 | 922 |
| TOTAL | 603 | 1,105 | 1,708 |

The 2009-2013 Investment Plan totals an amount of R\$ 8.6 billion and reflects the commitment to reach the aim of 100% sewage collection and treatment coverage in the municipalities operated until 2018. In addition, it is important to point out the R\$ 800 million will be invested in the Water Loss Control Program, which goal is to reduce losses by 20% until 2013.

To finance this program, the Company will rely on own resources as well as loans from the BNDES, CEF and multilateral international banks, which have more adequate financing conditions to the nature of these investments.

Investment Program (R\$ million)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2009-2013 |
|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
| Water | 577 | 590 | 664 | 653 | 668 | 3,152 |
| Sewage | 860 | 948 | 835 | 867 | 827 | 4,337 |
| Others | 214 | 213 | 254 | 228 | 231 | 1,139 |
| TOTAL | 1,650 | 1,750 | 1,753 | 1,748 | 1,725 | 8,627 |

11. Conference Calls

In English

April 2, 2009

3:00 PM (US EST) / 4:00 PM (Brasília)

Dial-in access: (1 973) 935-8893

Conference ID: 92046814

Replay available until 04/09/09

Dial-in access: (1 706) 645-9291

Replay ID: 92046814

In Portuguese

April 2, 2009

1:00 PM (US EST) / 2:00 PM (Brasília)

Dial-in access: (55 11) 2188-0188

Conference ID: Sabesp

Replay available until 04/09/09

Dial-in access: (55 11) 2188-0188

Replay ID: Sabesp

Live webcast at www.sabesp.com.br

For more information, please contact:

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Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Income Statement

| Corporate Law Method (Law No. 6,404/76) | | R\$ '000 | |
|--|------------------|------------------|------------------|
| | PARENT COMPANY | | CONSOLIDATED |
| | 2008 | 2007 Adjusted | 2008 |
| Gross Revenue from Sales and Services | 6,838,803 | 6,448,211 | 6,838,803 |
| Water Supply - Retail | 3,503,643 | 3,325,826 | 3,503,643 |
| Water Supply - Wholesale | 314,952 | 291,705 | 314,952 |
| Sewage Collection and Treatment | 2,891,036 | 2,724,400 | 2,891,036 |
| Sewage Collection and Treatment - Wholesale | 16,606 | 8,002 | 16,606 |
| Other Services | 112,566 | 98,278 | 112,566 |
| Taxes on Sales and Services - COFINS and PASEP | (487,131) | (477,369) | (487,131) |
| Net Revenue from Sales and Services | 6,351,672 | 5,970,842 | 6,351,672 |
| Costs of Sales and Services | (2,831,809) | (2,695,696) | (2,831,809) |
| Gross Profit | 3,519,863 | 3,275,146 | 3,519,863 |
| Operating Expenses | | | |
| Selling | (718,949) | (639,552) | (718,949) |
| Administrative | (578,458) | (552,629) | (578,596) |
| Other operating expenses, net | (108,470) | (35,176) | (108,470) |
| Operating Income Before Shareholdings | 2,113,986 | 2,047,789 | 2,113,848 |
| Equity Result | (9) | 0 | 0 |
| Earnings Before Financial Results | 2,113,977 | 2,047,789 | 2,113,848 |
| Financial, net | (268,790) | (748,995) | (268,661) |
| Exchange gain (loss), net | (438,869) | 188,038 | (438,869) |
| Earnings before Income Tax and Social Contribution | 1,406,318 | 1,486,832 | 1,406,318 |
| Income Tax and Social Contribution | | | |
| Current | (548,373) | (543,345) | (548,373) |
| Deferred | 150,140 | 111,777 | 150,140 |
| Net Income (loss) for the period | 1,008,085 | 1,055,264 | 1,008,085 |
| Registered common shares (thousand shares in 2008) | 227,836 | 227,836 | 227,836 |
| Earnings per shares - R\$ (per thousand shares in 2008) | 4.42 | 4.63 | 4.42 |
| Depreciation and Amortization | (617,804) | (615,988) | (617,804) |
| EBITDA | 2,840,251 | 2,698,953 | 2,840,251 |
| % over net revenue | 44.7% | 45.2% | 44.7% |

Balance Sheet

| Brazilian Corporate Law | R\$ '000 | | |
|---|-------------------|------------------------|-------------------|
| | PARENT COMPANY | | CONSOLIDATED |
| ASSETS | 12/31/2008 | 12/31/2007 Adjusted | 12/31/2008 |
| Current | | | |
| Cash and Cash Equivalents | 622,059 | 464,997 | 625,732 |
| Accounts Receivable from Clients | 1,129,746 | 1,207,885 | 1,129,746 |
| Related Party Balance | 210,131 | 338,506 | 210,131 |
| Inventory | 47,678 | 53,141 | 47,678 |
| Recoverable Taxes | 4,665 | 9,414 | 4,665 |
| Other Receivables | 49,478 | 41,782 | 49,478 |
| Deferred income tax and social contribution | 170,982 | 108,792 | 170,982 |
| Total Current Assets | 2,234,739 | 2,224,517 | 2,238,412 |
| Non-Current | | | |
| Long Term Assets: | | | |
| Accounts Receivable from Clients | 326,472 | 278,787 | 326,472 |
| Related Party Balance | 1,389,835 | 986,988 | 1,389,835 |
| Indemnities Receivable | 148,794 | 148,794 | 148,794 |
| Judicial Deposits | 49,127 | 19,806 | 49,127 |
| Other Receivables | 192,257 | 75,202 | 192,257 |
| Deferred income tax and social contribution | 435,341 | 357,226 | 435,341 |
| | 2,541,826 | 1,866,803 | 2,541,826 |
| Investments | 4,552 | 720 | 720 |
| Permanent Assets | 14,926,433 | 14,051,368 | 14,926,616 |
| Intangible Assets | 815,416 | 516,494 | 815,416 |
| | 15,746,401 | 14,568,582 | 15,742,752 |
| Total Non-Current Assets | 18,288,227 | 16,435,385 | 18,284,578 |
| Total Assets | 20,522,966 | 18,659,902 | 20,522,990 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| | 12/31/2008 | 12/31/2007 Adjusted | 12/31/2008 |
| Current | | | |
| Contractors and Suppliers | 187,139 | 165,267 | 187,143 |
| Loans and Financing | 1,448,860 | 742,114 | 1,448,860 |
| Salaries and Payroll Charges | 196,056 | 166,797 | 196,075 |
| Taxes and Contributions Payable | 130,409 | 127,735 | 130,410 |
| Taxes and Contributions Deferred | 64,369 | 75,249 | 64,369 |
| Interest on Own Capital Payable | 275,007 | 680,339 | 275,007 |
| Provision for Contingencies | 459,395 | 290,172 | 459,395 |

| | | | |
|---|-------------------|-------------------|-------------------|
| Accounts Payable | 198,511 | 156,987 | 198,511 |
| Other Payables | 57,149 | 50,077 | 57,149 |
| Total Current Liabilities | 3,016,895 | 2,454,737 | 3,016,919 |
| Non-Current | | | |
| Long Term Liabilities: | | | |
| Loans and Financing | 5,416,248 | 4,943,121 | 5,416,248 |
| Taxes and Contributions Payable | 114,210 | 197,635 | 114,210 |
| Taxes and Contributions Deferred | 141,492 | 159,865 | 141,492 |
| Provision for Contingencies | 698,253 | 655,084 | 698,253 |
| Pension Fund Obligations | 419,871 | 365,234 | 419,871 |
| Other Payables | 223,568 | 103,694 | 223,568 |
| Total Non Current Liabilities | 7,013,642 | 6,424,633 | 7,013,642 |
| Shareholders' Equity | | | |
| Capital Stock | 6,203,688 | 3,403,688 | 6,203,688 |
| Capital Reserves | 124,255 | 124,255 | 124,255 |
| Revaluation Reserves | 2,253,012 | 2,339,829 | 2,253,012 |
| Profit Reserves | 1,911,474 | 3,912,760 | 1,911,474 |
| Total Shareholders' Equity | 10,492,429 | 9,780,532 | 10,492,429 |
| Total Liabilities and Shareholders' Equity | 20,522,966 | 18,659,902 | 20,522,990 |

Cash Flow

| Brazilian Corporate Law | R\$ '000 | | |
|--|------------------------------|------------------------------|----------------------------|
| Description | Parent Company Jan-Dec/08 | Parent Company Jan-Dec/07 | Consolidated Jan-Dec/08 |
| Cash flow from operating activities | | | |
| Net income for the period | 1,008,085 | 1,055,264 | 1,008,085 |
| Adjustments for reconciliation of net income | | | |
| Deferred taxes and contributions | (152,313) | (104,432) | (152,313) |
| Taxes and contributions payable | (68,878) | - | (68,878) |
| Provisions for contingencies | 461,654 | 477,722 | 461,654 |
| Reversion of provision for losses | (366) | (945) | (366) |
| Other provisions | (492) | 155 | (492) |
| Liabilities related to pension plans | 71,704 | 59,931 | 71,704 |
| Write-off of property, plant and equipment | 157,978 | 68,349 | 157,978 |
| Deferred asset write-offs | 611 | 1,276 | 611 |
| Gain with the sale of property, plant and equipment | - | 219 | - |
| Depreciation and Amortization | 617,804 | 615,988 | 617,804 |
| Interest calculated over loans and financing payable | 499,590 | 519,672 | 499,590 |
| Monetary and exchange variation over loans and financing | 564,095 | (87,101) | 564,095 |
| Monetary variation over interest on own capital | 7,338 | 4,462 | 7,338 |
| Variation on liabilities and interest | 8,281 | 12,218 | 8,281 |
| Variation on assets and interest | (368,806) | (21,121) | (368,806) |
| Provisions for bad debt | 336,264 | 323,339 | 336,264 |
| Equity Result | 9 | - | - |
| Adjusted Net Income | 3,142,558 | 2,924,996 | 3,142,549 |
| (Increase) decrease in assets: | | | |
| Accounts receivable from clients | (301,844) | (400,944) | (301,844) |
| Shareholding balance | 82,956 | (81,741) | 82,956 |
| Inventories | 5,829 | (3,307) | 5,829 |
| Recoverable Taxes | 4,749 | 22,168 | 4,749 |
| Other accounts receivable | (112,111) | (22,877) | (112,111) |
| Judicial deposits | (37,933) | 9,706 | (37,933) |
| Increase (decrease) in liabilities: | | | |
| Loans and financing | (17,986) | (14,055) | (17,982) |
| Salaries and payroll charges | 29,259 | (10,908) | 29,275 |
| Taxes and contributions payable | (37,399) | (22,840) | (37,395) |
| Accounts payable | 6,216 | 4,034 | 6,216 |
| Other accounts payable | 16,321 | (27,055) | 16,321 |
| Contingencies | (235,573) | (145,668) | (235,573) |
| Pension plan | (17,067) | (15,909) | (17,067) |
| Variation on Assets and Liabilities | (614,583) | (709,396) | (614,559) |
| Net cash from operating activities | 2,527,975 | 2,215,600 | 2,527,990 |
| Cash flow from investing activities: | | | |
| Acquisition of property, plant and equipment | (1,395,458) | (848,878) | (1,395,641) |
| Increase in intangible assets | (159,514) | (32,818) | (159,514) |
| Increase in investments | (3,841) | - | - |

| | | | |
|---|--------------------|--------------------|--------------------|
| Net cash used in investing activities | (1,558,813) | (881,696) | (1,555,155) |
| Cash flow from financing activities | | | |
| Loans and Financing - long term: | | | |
| Funding | 1,043,174 | 222,474 | 1,043,174 |
| Payments | (1,146,416) | (1,283,201) | (1,146,416) |
| Payment of interest on own capital | (708,858) | (136,386) | (708,858) |
| Net cash used in financing activities | (812,100) | (1,197,113) | (812,100) |
| Increase in cash and equivalents | 157,062 | 136,791 | 160,735 |
| Cash and cash equivalents at the beginning of the period | 464,997 | 328,206 | 464,997 |
| Cash and cash equivalents at the end of the period | 622,059 | 464,997 | 625,732 |
| Changes in Cash and Cash Equivalents | 157,062 | 136,791 | 160,735 |
| Additional information on cash flow: | | | |
| Interest and taxes over loans and financing | 516,887 | 548,417 | 516,887 |
| Capitalization of interest and financial charges | 219,430 | (13,338) | 219,430 |
| Income tax and social contribution paid | 502,404 | 499,318 | 502,404 |
| Property, plant and equip. received as donation and/or paid in stocks | - | 17,565 | - |
| COFINS and PASEP taxes paid | 515,659 | 472,060 | 515,659 |
| Agreements and Commitments with contract agreement | 146,426 | 34,071 | 146,426 |
| Acquisition of property, plant and equipment payable | 39,858 | 35,154 | 39,858 |
| (Program) National Water Agency | - | 16,219 | - |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city São Paulo, Brazil.

Date: March 30, 2009

**Companhia de Saneamento Básico do Estado de São Paulo -
SABESP**

By: /S/ Rui de Britto Álvares
 Affonso

Name: Rui de Britto Álvares
Affonso
Title: Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
