Quarterly Information

Companhia de Saneamento de Minas Gerais - COPASA

Quarter and semester ended June 30, 2009 with Special Review Report of Independent Auditors

"Free translation from Portuguese into English"

"A free Translation from Portuguese into English"

Independent Auditors' Special Review Report on Quarterly Information

The Board of Directors and Shareholders
Companhia de Saneamento de Minas Gerais - COPASA

1. We have carried out a special review of the accompanying quarterly information (ITR) of Companhia de Saneamento de Minas Gerais – COPASA MG, parent company and consolidated as of and for the quarter and semester ended June 30, 2009, which comprises the balance sheets, the income statements, changes in shareholders' equity and statements of cash flows, Management's performance report and related information of the parent company and consolidated. This quarterly information (ITR) is the responsibility of the Company's management.

2. We conducted our review in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) along with the Brazilian Federal Accounting Board ("Conselho Federal de Contabilidade"), which consisted principally of: (a) inquiries of and discussions with key personnel responsible for the accounting, financial and operating areas of the Company and its subsidiaries with respect to the criteria adopted in preparing the quarterly information; and, (b) review of information and subsequent events that have or could have material effects on the financial position and operations of the Company and its subsidiaries.

3. Based on our special review, we are not aware of any material modification that should be made to the quarterly information referred to above for it to be in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of mandatory quarterly information, including Official Memorandum/CVM/SNC/SEP No. 02/2009.

4. As mentioned in Note 2, the accounting practices adopted in Brazil were changed during 2008 and the effects from the first time adoption were only recorded by the Company and its subsidiaries in the 4th quarter of 2008. The income statement and cash flows for the quarter ended June 30, 2008, presented together with the current quarterly information, were not adjusted for comparison purposes as allowed by Official Memorandum/CVM/SNC/SEP No. 02/2009.

5. As mentioned in Note 27, effective September 20, 1989, the Company, began being taxed, under a special taxation regime, for State Value-Added Tax (ICMS) on water supply. Based on the opinion of its legal advisors, the referred to VAT tax would require specific rules regulating the subject. To date, there has been no definition by the State Executive Branch concerning the computation criteria and required collection of such tax; also, such tax has not been included in the Company's water and wastewater rates, which are determined by the State of Minas Gerais. Consequently, such tax has neither been collected from customers, nor provided for by the Company nor remitted to the State Government.

Belo Horizonte (MG) July 31, 2009.

ERNST & YOUNG
Auditores Independentes S/S
CRC - 2SP 015.199/O-6-F-MG

João Ricardo P. Costa
Accountant CRC - 1RJ 066.748/O-3-S-MG

Flávio de Aquino Machado
Accountant CRC- 1MG 065.899/O-2

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY APPRECIATION OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 – IDENTIFICATION

1 – CVM CODE	2 - COMPANY NAME	3 – National Corporate Taxpayers' Registration Number – CNPJ
01944-5	CIA. DE SANEAMENTO DE MINAS GERAIS - COPASA	17.281.106/0001-03
4 – Registration Number – NIRE		
31300036375		

01.02 – HEAD OFFICE

1 – FULL ADDRESS				2 – SUBURB OR DISTRICT
RUA MAR DE ESPANHA, 525				SANTO ANTÔNIO
3 – POSTAL CODE	4 – MUNICIPALITY			5 – STATE
30270-330	BELO HORIZONTE			MG
6 – AREA CODE	7 – TELEPHONE	8 – TELEPHONE	9 – TELEPHONE	10 – TELEX
31	3250-2015	3250-2049	3250-1392	-
11 – AREA CODE	12 – FAX	13 – FAX	14 – FAX	
31	3250-1409	3250-1341	-	-
15 – E-MAIL				
dfi@copasa.com.br or geraldo.calçado@copasa.com.br				

01.03 – INVESTOR RELATIONS OFFICER (Address for correspondence with Company)

1 – NAME				
RICARDO AUGUSTO SIMÕES CAMPOS				
2 – FULL ADDRESS			3 – SUBURB OR DISTRICT	
RUA MAR DE ESPANHA, 525			SANTO ANTÔNIO	
4 – POSTAL CODE	5 – MUNICIPALITY			6 – STATE
31330-270	BELO HORIZONTE			MG
7 – AREA CODE	8 – TELEPHONE	9 – TELEPHONE	10 - TELEPHONE	11 – TELEX
31	3250-2015	3250-1214	3250-2040	
12 – AREA CODE	13 – FAX	14 – FAX	15 - FAX	
31	3250-1409	3250-1312	-	
16 – E-MAIL				
dfi@copasa.com.br Or geraldo.calcado@copasa.com.br				

01.04 –REFERENCE / INDEPENDENT ACCOUNTANTS

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	2-END	3-QUARTER	4-BEGINNING	5-END	6-QUARTER	7-BEGINNING	8-END
01/01/2009	12/31/2009	2	04/01/2009	06/30/2009	1	01/01/2009	03/31/2009

9 – INDEPENDENT ACCOUNTANT	10 - CVM CODE
Ernst & Young	00471-5
11 - RESPONSIBLE PROFESSIONAL	12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE RESPONSIBLE PROFESSIONAL
João Ricardo Pereira da Costa	722.071.677-04

01.01 IDENTIFICATION

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01944-5	CIA. DE SANEAMENTO DE MINAS GERAIS – COPASA	17.281.106/0001-03

01.05 – CAPITAL COMPOSITION

Number of shares (Units)	Current Quarter 6/30/2009	Prior quarter 03//31/2009	Same quarter in prior year 06/30/2008
Paid-up capital			
1 – Common	115,274	115,191	115,165
2 – Preferred	0	0	0
3 – Total	115,274	115,191	115,165
Treasury Stock			
4 – Common	370	370	370
5 – Preferred	0	0	0
6 – Total	370	370	370

01.06 – CHARACTERISTICS OF THE COMPANY

1 – TYPE OF COMPANY **Commercial. industrial and other**
2 – SITUATION **Operating**
3 – NATURE OF OWNERSHIP **Public**
4 – ACTIVITY CODE 1160 - Water supply and sanitary sewage services
5 – MAIN ACTIVITY *The Company is engaged in providing water supply and sanitary sewage services.*
6 – TYPE OF CONSOLIDATION *Total*
7 – TYPE OF REPORT OF INDEPENDENT ACCOUNTANTS *E xception*

01.07 – COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 – ITEM	2 – CNPJ	3 – NAME

01.08 – DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 – ITEM	2 – EVENT	3 – DATE APPROVED	4 – AMOUNT	5 – DATE OF PAYMENT	6 - TYPE OF SHARE	7 – YIELD PER SHARE

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number – CNPJ
01944-5	CIA. DE SANEAMENTO DE MINAS GERAIS – COPASA	17.281.106/0001-03

01.09 – SUBSCRIBED CAPITAL AND ALTERATION IN THE CURRENT YEAR

1 – ITEM	2 – DATE OF ALTERATION	3 - CAPITAL	4 – AMOUNT OF THE ALTERATION	5 –NATURE OF ALTERATION	7 – NUMBER OF SHARES ISSUED	8 – SHARE PRICE ON ISSUE DATE
01	01/16/2006	1,818,780	102,791	Interest capital	894	115.0000000000
02	02/06/2006	2,541,857	723,077	Subscription in cash	30,769	23.5000000000
03	03/08/2006	2,632,242	90,385	Subscription supplementary	3,846	23.5000000000
04	08/29/2008	2,632,265	23	Convertion 188 debentures in 752 ordinary shares	0	0.0000000000
05	03/27/2009	2,633,063	798	Convertion debentures in ordinary shares	0	0.0000000000
06	04/24/2009	2.635.646	2.583	Convertion 20595 debentures in 82380 ordinary shares	0	0.0000000000

01.10 – INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE

01.01– IDENTIFICATION

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01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

02.01 - BALANCE SHEET - ASSETS (R$ thousand)

1 – CODE	2 – DESCRIPTION	3 – 6/30/2009	4 – 3/31/2009
1	Total assets	6,558,868	6,522,356
1.01	Current assets	1,231,195	1,381,562
1.01.01	Cash and cash equivalents	762,124	925,574
1.01.01.01	Cash and Banks	49,604	141,839
1.01.01.02	Marketable Securities	712,520	783,735
1.01.02	Credits	408,557	416,189
1.01.02.01	Accounts Receivable	375,938	379,930
1.01.02.02	Other Credits	32,619	36,259
1.01.02.02.01	Prepaid Expenses	1,089	1,089
1.01.02.02.02	Bank account – agreements	503	352
1.01.02.02.03	Short term investments - agreements	16,620	27,411
1.01.02.02.04	Advance employess	8,966	6,132
1.01.02.02.05	Other	5,441	1,275
1.01.03	Inventory	27,132	26,150
1.01.04	Other	33,382	13,649
1.01.04.01	Recoverable taxes	13,088	10,214
1.01.04.02	Deferred Income Tax / Social Security Contribution	1,320	1,320
1.01.04.03	Technical cooperation agreement	18,974	2,115
1.02	Noncurrent assets	5,327,673	5,140,794
1.02.01	Long-term assets	424,583	416,925
1.02.01.01	Other credits	395,313	391,856
1.02.01.01.01	Accounts Receivable	200,544	196,597
1.02.01.01.02	Financing Guarantee	78,679	84,302
1.02.01.01.03	Escrow deposits	9,398	8,891
1.02.01.01.04	Deferred Income Tax / Social Security Contribution	61,658	57,695
1.02.01.01.05	Other	45,034	44,371
1.02.01.02	Insider company credits	29,270	25,069
1.02.01.02.01	Related company credits	-	-
1.02.01.02.02	Controlled company credits	29,270	25,069
1.02.01.02.03	With other insider company credits	-	-
1.02.01.03	Other	-	-
1.02.02	Permanent assets	4,903,090	4,723,869
1.02.02.01	Investments	11,368	10,076
1.02.02.01.01	Related company shares	-	-
1.02.02.01.02	Related company shares-Premium	-	-
1.02.02.01.03	Controlled company shares	11,108	9,816
1.02.02.01.04	Controlled company shares-Premium	-	-
1.02.02.01.05	Other investments	260	260
1.02.02.02	Fixed Assets	4,708,341	4,526,989
1.02.02.03	Intangible	183,381	186,804
1.02.02.04	Deferred	-	-

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02.02 - BALANCE SHEET – LIABILITIES (R$ thousand)

1 – CODE	2 – DESCRIPTION	3 – 6/30/2009	3 - 3/31/2009
2	Total liabilities and shareholders' equity	6,558,868	6,522,356
2.01	Current liabilities	534,932	611,996
2.01.01	Loans and financings	128,460	127,320
2.01.02	Debentures	48,844	59,974
2.01.03	Suppliers	110,611	87,780
2.01.04	Taxes charges and Contribution	33,694	42,098
2.01.05	Dividends payable	-	-
2.01.06	Provisions	81,917	61,080
2.01.06.01	Accrual for employee vacation	62,654	52,139
2.01.06.02	Accrual for 13th salary	19,263	8,941
2.01.07	Payable to related companies	-	-
2.01.08	Other	131,406	233,744
2.01.08.01	Employees profit sharing	28,960	32,803
2.01.08.02	Technical Cooperation Agreement	-	-
2.01.08.03	Pension plan	12,279	11,588
2.01.08.04	Interest on equity	43,667	145,290
2.01.08.05	Other	46,500	44,063
2.02	Non-current liabilities	2,057,259	2,010,783
2.02.01	Long-term liabilities	2,057,259	2,010,783
2.02.01.01	Loans and financings	981,955	919,763
2.02.01.02	Debentures	653,797	667,827
2.02.01.03	Provisions	145,448	140,557
2.02.01.03.01	Accrual for taxes	114,558	113,144
2.02.01.03.02	Accrual for contingencies	30,890	27,413
2.02.01.04	Payable to related companies	-	-
2.02.01.05	Advance for future capital increase	9,053	8,797
2.02.01.06	Other	267,006	273,839
2.02.01.06.01	Pension plan	168,795	174,357
2.02.01.06.02	Deferred income tax / Social security contribution	8,669	6,274
2.02.01.06.03	Other	87,042	88,833
2.02.01.06.04	Deferred revenue	2,500	4,375
2.03	Future accounting year results	-	-
2.05	Shareholders Equity	3,966,677	3,899,577
2.05.01	Paid-in capital	2,635,646	2,633,063
2.05.02	Capital reserves	70,388	70,388
2.05.03	Revaluation reserves	-	-
2.05.03.01	Own assets	-	-
2.05.03.02	Related companies	-	-
2.05.04	Income reserves	1,100,648	1,100,648
2.05.04.01	Legal	86,466	86,466
2.05.04.02	Statutory	-	-
2.05.04.03	Contingencies	-	-
2.05.04.04	To realize income	-	-
2.05.04.05	Income retention	1,012,932	1,012,932
2.05.04.06	Non distributed dividends	-	-
2.05.04.07	Other income reserves	1,250	1,250
2.05.05	Equity valuation adjustments	-	-
2.05.05.01	Adjustments marketable securities	-	-
2.05.02.02	Adjustments convertion	-	-
2.05.02.03	Adjustments business combinantion	-	-
2.05.06	Retained earnings (accumulated losses)	159,995	95,478
2.05.07	Advance for future capital increase	-	-

(A free translation into English from the original issued in Portuguese)

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
QUARTERLY INFORMATION (ITR) – DATE – 06/30/2009 **Corporate Legislation**
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

03.01 – INCOME STATEMENTS (R$ thousand)

1 – COD	2 – DESCRIPTION	3 – 4/1/2009 to 6/30/2009	4 – 1/1/2009 to 6/30/2009	5 – 4/1/2008 to 6/30/2008	6 – 1/1/2008 to 6/30/2008
3.01	Gross sales and/or services	598,332	1,197,565	568,064	1,089,468
3.01.01	Water supply services	442,657	891,144	428,317	823,653
3.01.02	Sewage services	155,675	306,421	139,747	265,815
3.02	Deductions from gross revenue	(62,231)	(124,891)	(56,741)	(110,842)
3.03	Sales/Services Net Revenue	536,101	1,072,674	511,323	978,626
3.04	Cost of services	(265,671)	(506,282)	(240,055)	(471,126)
3.05	Gross Profit	270,430	566,392	271,268	507,500
3.06	Operating Expenses/Income	(154,520)	(296,268)	(91,070)	(191,759)
3.06.01	Commercial	(42,426)	(80,692)	(45,373)	(83,013)
3.06.02	Administrative	(77,112)	(143,663)	(74,580)	(139,137)
3.06.03	Financial	(32,714)	(67,818)	31,971	35,529
3.06.03.01	Financial income	46,269	93,058	55,543	93,099
3.06.03.02	Financial expenses	(78,983)	(160,876)	(23,572)	(57,570)
3.06.04	Other operating income	12,572	24,796	13,183	21,734
3.06.05	Other operating expenses	(9,842)	(19,240)	(15,525)	(25,482)
3.06.05.01	Accrual for taxes	-	-	-	-
3.06.05.02	Other operating expenses	-	-	-	-
3.06.06	Equity pick up	(4,998)	(9,651)	(746)	(1,390)
3.07	Operating profit	115,910	270,124	180,198	315,741
3.08	Non-operating results	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Profit before taxation and participations	115,910	270,124	180,198	315,741
3.10	Provision for income and social contribution taxes	(43,113)	(93,658)	(63,693)	(112,305)
3.10.01	Provision for income tax	(31,970)	(69,481)	(47,109)	(83,171)
3.10.02	Provision for social contribution	(11,143)	(24,177)	(16,584)	(29,134)
3.11	Deferred income tax	-	-	-	-
3.12	Participations and Statutory Contributions	(8,280)	(16,471)	-	-
3.12.01	Participations	(8,280)	(16,471)	-	-
3.12.02	Contributions	-	-	-	-
3.13	Reversal on interest equity	43,651	80,880	-	-
3.15	Net income for the period	108,168	240,875	116,505	203,436
	NUMBER OF SHARES EXCEPT TREASURY (UNIT)	114,904	114,904	114,795	114,795
	Income per share (R$)	0.94138	2.09632	1.01490	1.77217
	Loss per share (R$)				

01.01 – IDENTIFICATION

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04.01 – CASH FLOWS – INDIRECT METOD (R$ thousand)

1 – COD	2 – DESCRIPTION	3 – 4/1/2009 to 6/30/2009	4 – 1/1/2009 to 6/30/2009	5 – 4/1/2008 to 6/30/2008	6 – 1/1/2008 to 6/30/2008
4.01	Cash flow from operating activities	200,249	422,856	145,671	305,970
4.01.01	Cash generated by operating activities	188,040	404,150	176,390	355,592
4.01.01.01	Net income for the period	108,168	240,875	116,505	203,436
4.01.01.02	Allowance for doubtful accounts	3,722	6,349	7,262	8,811
4.01.01.03	Interest receivables on accounts receivable	(3,136)	(6,254)	(3,082)	(5,927)
4.01.01.04	Monetary variations on accounts receivable	(2,686)	4,349	(21,542)	(14,577)
4.01.01.05	Deferred tax and social contribution	(1,568)	(2,195)	(5,764)	(6,630)
4.01.01.06	Exchange variation on financing collaterals	5,558	5,962	1,779	2,206
4.01.01.07	Income financing collaterals	(1,173)	(2,485)	(1,024)	(1,717)
4.01.01.08	Monetary variation on loans to subsidiaries	(719)	(1,218)	(156)	(156)
4.01.01.09	Equity pick up	4,998	9,652	746	1,390
4.01.01.10	Permanent asset disposals	3,955	3,964	73	119
4.01.01.11	Depreciation and amortization	61,169	121,809	60,058	119,122
4.01.01.12	Interest on loan	16,176	31,175	8,457	25,796
4.01.01.13	Monetary and exchange variation on loans	(12,303)	(9,803)	(2,626)	(1,899)
4.01.01.14	Tax provisions	1,414	3,103	1,588	2,933
4.01.01.15	Contingencies provision	3,477	539	6,134	7,838
4.01.01.16	Reversion pension plan	(5,230)	(9,311)	-	-
4.01.01.17	Interest on cemig/previminas	1,911	3,788	1,888	3,745
4.01.01.18	Monetary variation on cemig/previminas	2,092	3,725	6,339	11.347
4.01.01.19	Deferred revenue	(2,047)	(4,136)	-	-
4.01.01.20	Interest collaterals	4,262	4,262	(245)	(245)
4.01.02	Changes in assets and liabilities	12,209	18,706	(30,719)	(49,622)
4.01.02.01	Accounts receivable	2,145	(10,013)	(26,717)	(15,535)
4.01.02.02	Inventory	(982)	(2,276)	(731)	(1,490)
4.01.02.03	Recoverable taxes	(2,874)	(5,226)	(200)	7,906
4.01.02.04	Financing collateral	(3,024)	(4,333)	(4,692)	(8,882)
4.01.02.05	Escrow deposits	(507)	(486)	161	213
4.01.02.06	Related parties – loans	(3,482)	(910)	(9,529)	(13,505)
4.01.02.07	Other	2,977	4,908	(1,530)	2,902
4.01.02.08	Suppliers	22,831	40,494	13,622	(14,571)
4.01.02.09	Taxes payable	(8,404)	(1,005)	10,359	11,869
4.01.02.10	Accrued vacation pay	10,515	4,594	3,567	(1,067)
4.01.02.11	Accrual for 13th salary	10,322	19,263	9,284	16,390
4.01.02.12	Employees profit sharing	(3,843)	4,348	(6,635)	(6,635)
4.01.02.13	Technical Cooperation Agreement	(16,859)	(26,494)	(20,818)	(20,650)
4.01.02.14	Pension plan	518	(3,977)	1,425	(3,066)
4.01.02.15	Others debts	595	(4,924)	(4,253)	(9,030)
4.01.02.16	Other	2,281	4,743	5,968	5,529
4.02	Net cash from investing activities	(225,993)	(387,623)	(155,548)	(316,627)
4.02.01	Sale of share	2,583	3,381	-	-
4.02.02	Increase investments	(4,400)	(4,754)	171	(6,715)
4.02.03	Increase property plant and equipment and intangible assets	(224,176)	(386,250)	(155,719)	(309,912)
4.03	Net cash from financing activities	(137,706)	(59,237)	(109,426)	(137,362)
4.03.01	Increase loans and financing	106,867	268,924	43,776	83,506
4.03.02	Amortization loans – principal	(45,316)	(84,049)	(36,421)	(68,628)
4.03.03	Amortization loans - interest	(45,873)	(79,775)	(32,263)	(60,523)
4.03.04	Payment of interest on own capital	(145,275)	(148,222)	(77,093)	(77,099)
4.03.05	Amortization cemig/previminas - principal	(6,197)	(12,324)	(5,541)	(10,881)
4.03.06	Amortization cemig/previminas - interest	(1,912)	(3,791)	(1,884)	(3,737)
4.04	Exchange variation cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) cash and cash equivalents	(163,450)	(24,004)	(119,303)	(148,019)
4.05.01	Cash and cash equivalents at beginning of the period	925,574	786,128	960,777	989,493
4.05.02	Cash and cash equivalents at the end of the period	762,124	762,124	841,474	841,474

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
QUARTERLY INFORMATION (ITR) – DATE – 06/30/2009 **Corporate Legislation**
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 – IDENTIFICATION

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05.01 – SHAREHOLDERS EQUITY (R$ thousand) – 04/01/2009 TO 06/30/2009

1 – COD	2 – DESCRIPTION	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earning (loss) accumulated	Equity valuation adjustments	Total
5.01	At the end of the period	2,633,063	70,388	-	1,100,648	95,478	-	3,899,577
5.02	Adjustments prior year	-	-	-	-	-	-	-
5.03	Total adjustment	2,633,063	70,388	-	1,100,648	95,478	-	3,899,577
5.04	Net income for the period	-	-	-	-	108,168	-	108,168
5.05	Destination	-	-	-	-	(43,651)	-	(43,651)
5.05.01	Dividends	-	-	-	-	-	-	-
5.05.02	Interest own capital	-	-	-	-	(43,651)	-	(43,651)
5.05.03	Others	-	-	-	-	-	-	-
5.06	Realization of retained earnings	-	-	-	-	-	-	-
5.07	Equity valuation adjustments	-	-	-	-	-	-	-
5.07.01	Adjustments marketable securities	-	-	-	-	-	-	-
5.07.02	Accumulated adjustments of translation	-	-	-	-	-	-	-
5.07.03	Adjustments business combinantion	-	-	-	-	-	-	-
5.08	Increase (decrease) capital	2,583	-	-	-	-	-	2,583
5.09	Constitutions/realization capital reserve	-	-	-	-	-	-	-
5.10	Treasury shares	-	-	-	-	-	-	-
5.11	Other capital transaction	-	-	-	-	-	-	-
5.12	Other	-	-	-	-	-	-	-
5.13	Total at the end of the period	2,635,646	70,388	-	1,100,648	159,995	-	3,966,677

(A free translation into English from the original issued in Portuguese)

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
QUARTERLY INFORMATION (ITR) – DATE – 06/30/2009 **Corporate Legislation**
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

05.02 – SHAREHOLDERS EQUITY (R$ thousand) – 01/01/2009 TO 06/30/2009

1 – COD	2 – DESCRIPTION	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earning (loss) accumulated	Equity valuation adjustments	Total
5.01	At the end of the period	2,632,265	70,388	-	1,100,648	-	-	3,803,301
5.02	Adjustments prior year	-	-	-	-	-	-	-
5.03	Total adjustment	2,632,265	70,388	-	1,100,648	-	-	3,803,301
5.04	Net income for the period	-	-	-	-	240,875	-	240,875
5.05	Destination	-	-	-	-	(80,880)	-	(80,880)
5.05.01	Dividends	-	-	-	-	-	-	-
5.05.02	Interest own capital	-	-	-	-	(80,880)	-	(80,880)
5.05.03	Others	-	-	-	-	-	-	-
5.06	Realization of retained earnings	-	-	-	-	-	-	-
5.07	Equity valuation adjustments	-	-	-	-	-	-	-
5.07.01	Adjustments marketable securities	-	-	-	-	-	-	-
5.07.02	Accumulated adjustments of translation	-	-	-	-	-	-	-
5.07.03	Adjustments business combinantion	-	-	-	-	-	-	-
5.08	Increase (decrease) capital	3,381	-	-	-	-	-	3,381
5.09	Constitutions/realization capital reserve	-	-	-	-	-	-	-
5.10	Treasury shares	-	-	-	-	-	-	-
5.11	Other capital transaction	-	-	-	-	-	-	-
5.12	Other	-	-	-	-	-	-	-
5.13	Total at the end of the period	2,635,646	70,388	-	1,100,648	159,995	-	3,966,677

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

08.01. CONSOLIDATED BALANCE SHEET - ASSETS (R$ thousand)

1 – CODE	2 – DESCRIPTION	3 – 6/30/2009	4 – 3/31/2009
1	Total assets	6,555,823	6,531,736
1.01	Current assets	1,241,413	1,395,601
1.01.01	Cash and cash equivalents	763,349	926,816
1.01.01.01	Cash and Banks	50,613	143,081
1.01.01.02	Marketable Securities	712,736	783,735
1.01.02	Credits	430,047	428,376
1.01.02.01	Accounts Receivable	378,852	382,614
1.01.02.02	Other Credits	51,195	45,762
1.01.02.02.01	Prepaid Expenses	1,097	1,091
1.01.02.02.02	Bank account – agreements	5,860	2,094
1.01.02.02.03	Short term investments - agreements	28,656	35,169
1.01.02.02.04	Advance employess	10,141	6,132
1.01.02.02.05	Other	5,441	1,276
1.01.03	Inventory	29,725	28,874
1.01.04	Other	18,292	11,535
1.01.04.01	Recoverable taxes	13,089	10,215
1.01.04.02	Deferred Income Tax / Social Security Contribution	1,320	1,320
1.01.04.03	Technical Cooperation Agreement	3,883	-
1.02	Noncurrent assets	5,314,410	5,136,135
1.02.01	Long-term assets	396,260	392,801
1.02.01.01	Other credits	396,260	392,801
1.02.01.01.01	Accounts Receivable	200,544	196,597
1.02.01.01.02	Collateral Guarantee	78,679	84,302
1.02.01.01.03	Escrow deposits	9,398	8,891
1.02.01.01.04	Deferred Income Tax / Social Security Contribution	61,658	57,695
1.02.01.01.05	Other	45,981	45,316
1.02.01.02	Insider company credits	-	-
1.02.01.02.01	Related company credits	-	-
1.02.01.02.02	Controlled company credits	-	-
1.02.01.02.03	With other insider company credits	-	-
1.02.01.03	Other	-	-
1.02.02	Permanent assets	4,918,150	4,743,334
1.02.02.01	Investments	260	260
1.02.02.01.01	Related company shares	-	-
1.02.02.01.02	Related company shares-Premium	-	-
1.02.02.01.03	Other investments	260	260
1.02.02.02	Fixed Assets	4,734,495	4.556,255
1.02.02.03	Intangible	183,395	186,819
1.02.02.04	Deferred	-	-

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

08.02. CONSOLIDATED BALANCE SHEET - LIABILITIES (R$ thousand)

1 – CODE	2 – DESCRIPTION	3 – 6/30/2009	4 - 3/31/2009
2	Total liabilities and shareholders' equity	6,555,823	6,531,736
2.01	Current liabilities	537,779	625,382
2.01.01	Loans and financings	128,460	127,320
2.01.02	Debentures	48,844	59,974
2.01.03	Suppliers	113,061	95,967
2.01.04	Taxes charges and Contribution	34,092	42,605
2.01.05	Dividends payable	-	-
2.01.06	Provisions	81,974	61,118
2.01.06.01	Accrual for employee vacation	62,692	52,168
2.01.06.02	Accrual for 13th salary	19,282	8,950
2.01.07	Payable to related companies	-	-
2.01.08	Other	131,348	238,398
2.01.08.01	Employees profit sharing	28,960	32,803
2.01.08.02	Technical Cooperation Agreement	-	4,586
2.01.08.03	Pension plan	12,279	11,588
2.01.08.04	Interest equity	43,667	145,290
2.01.08.05	Other	46,442	44,131
2.02	Non-current liabilities	2,051,367	2,006,777
2.02.01	Long-term liabilities	2,051,367	2,006,777
2.02.01.01	Loans and financings	981,955	919,763
2.02.01.02	Debentures	653,797	667,827
2.02.01.03	Provisions	145,448	140,557
2.02.01.03.01	Accrual for taxes	114,558	113,144
2.02.01.03.02	Accrual for contingencies	30,890	27,413
2.02.01.04	Payable to related companies	-	-
2.02.01.05	Advance for future capital increase	9,053	8,797
2.02.01.06	Other	261,114	269,833
2.02.01.06.01	Pension plan	168,795	174,357
2.02.01.06.02	Deferred Income Tax / Social Security Contribution	8,669	6,274
2.02.01.06.03	Other	83,650	84,827
2.02.01.06.04	Deferred revenue	-	4,375
2.03	Future accounting year results	-	-
2.04	Minority	-	-
2.05	Shareholders Equity	3,966,677	3,899,577
2.05.01	Paid-in Capital	2,635,646	2,633,063
2.05.02	Capital reserves	70,388	70.388
2.05.03	Revaluation Reserves	-	-
2.05.03.01	Own Assets	-	-
2.05.03.02	Related companies	-	-
2.05.04	Income reserves	1,100,648	1,100,648
2.05.04.01	Legal	86,466	86,466
2.05.04.02	Statutory	-	-
2.05.04.03	Contingencies	-	-
2.05.04.04	To realize income	-	-
2.05.04.05	Income retention	1,012,932	1,012,932
2.05.04.06	Non distributed dividends	-	-
2.05.04.07	Other income reserves	1,250	1,250
2.05.05	Equity valuation adjustments	-	-
2.05.05.01	Adjustments marketable securities	-	-
2.05.02.02	Adjustments convertion	-	-
2.05.02.03	Adjustments business combinantion	-	-
2.05.06	Retained earnings (accumulated losses)	159,995	95,478
2.05.07	Advance for future capital increase	-	-

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

09.01. CONSOLIDATED INCOME STATEMENTS (R$ thousand)

1 – COD	2 – DESCRIPTION	3 – 4/1/2009 to 6/30/2009	4 – 1/1/2009 to 6/30/2009	5 – 4/1/2008 to 6/30/2008	6 – 1/1/2008 to 6/30/2008
3.01	Gross sales and/or services	600,508	1,201,827	568,113	1,089,547
3.01.01	Water Supply Services	444,439	894,656	428,366	823,732
3.01.02	Sewage Services	155,675	306,421	139,747	265,815
3.01.03	Gross sales	394	750	-	-
3.02	Deductions from Gross Revenue	(62,479)	(125,892)	(56,745)	(110,849)
3.03	Sales/Services Net Revenue	538,029	1,075,935	511,368	978,698
3.04	Cost of services	(268,239)	(509,397)	(240,052)	(471,126)
3.05	Gross Profit	269,790	566,538	271,316	507,572
3.06	Operating Expenses/Income	(153,763)	(296,176)	(91,118)	(191,831)
3.06.01	Commercial	(42,650)	(81,085)	(45,373)	(83,013)
3.06.02	Administrative	(79,994)	(150,871)	(75,347)	(140,572)
3.06.03	Financial	(33,453)	(69,069)	31,946	35,504
3.06.03.01	Financial income	45,559	91,873	55,543	93,099
3.06.03.02	Financial expenses	(79,012)	(160,942)	(23,597)	(57,595)
3.06.04	Other operating income	(10,940)	(21,403)	13,183	21,734
3.06.05	Other operating expenses	13,274	26,252	(15,527)	(25,484)
3.06.06	Equity pick up	-	-	-	-
3.07	Operating profit	116,027	270,362	180,198	315,741
3.08	Non-operating results	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Profit before taxation and participations	116,027	270,362	180,198	315,741
3.10	Provision for income and social contribution taxes	(43,230)	(93,896)	(63,693)	(112,305)
3.10.01	Provision for income tax	(32,053)	(69,651)	(47,109)	(83,171)
3.10.02	Provision for social contribution	(11,177)	(24,245)	(16,584)	(29,134)
3.11	Deferred income tax	-	-	-	-
3.12	Participations and Statutory Contributions	(8,280)	(16,471)	-	-
3.12.01	Participations	(8,280)	(16,471)	-	-
3.12.02	Contributions	-	-	-	-
3.13	Reversal interest equity	43,651	80,880	-	-
3.14	Minoritary shareholders	-	-	-	-
3.15	Net Income for the period	108,168	240,875	116,505	203,436
	NUMBER OF SHARES. EXCEPT TREASURY (UNIT)	114,904	114,904	114,795	114,795
	Income per share (R$)	0,94138	2,09632	1.01490	1.77217
	Loss per share (R$)				

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

10.01. CONSOLIDATED CASH FLOW (R$ thousand)

1 – COD	2 – DESCRIPTION	3 – 4/1/2009 to 6/30/2009	4 – 1/1/2009 to 6/30/2009	5 – 4/1/2008 to 6/30/2008	6 – 1/1/2008 to 6/30/2008
4.01	Cash flow from operating activities	192,979	416,050	147,591	312,816
4.01.01	Cash generated by operating activities	184,289	396,537	175,812	354,382
4.01.01.01	Net income for the period	108,168	240,875	116,505	203,436
4.01.01.02	Allowance for doubtful accounts	3,989	6,785	7,262	8,811
4.01.01.03	Interest receivables on accounts receivable	(3,136)	(6,254)	(3,082)	(5,927)
4.01.01.04	Monetary variations on accounts receivable	(2,686)	4,349	(21,542)	(14,577)
4.01.01.05	Deferred tax and social contribution	(1,568)	(2,195)	(5,764)	(6,630)
4.01.01.06	Exchange variation on financing collaterals	5,558	5,962	1,779	2,206
4.01.01.07	Income financing collaterals	(1,173)	(2,485)	(1,024)	(1,717)
4.01.01.08	Permanent asset disposals	3,955	3,964	73	119
4.01.01.09	Depreciation and amortization	61,430	122,194	60,070	119,146
4.01.01.10	Interest on loans	16,176	31,175	8,457	25,796
4.01.01.11	Monetary and exchange variation on loans	(12,303)	(9,803)	(2,626)	(1,899)
4.01.01.12	Tax provisions	1,414	3,103	1,588	2,933
4.01.01.13	Contingencies provision	3,477	539	6,134	7,838
4.01.01.14	Reversion pension plan	(5,230)	(9,311)	-	-
4.01.01.15	Interest on cemig/previminas	1,911	3,788	1,888	3.745
4.01.01.16	Monetary variation on cemig/previminas	2,092	3,725	6,339	11,347
4.01.01.17	Deferred revenue	(2,047)	(4,136)	-	-
4.01.01.18	Capitalized Interest on the bond of BNY	4,262	4,262	(245)	(245)
4.01.02	Changes in assets and liabilities	8,690	19,513	(28,221)	(41,566)
4.01.02.01	Accounts receivable	1,648	(10,640)	(26,730)	(15,564)
4.01.02.02	Inventory	(851)	(2,236)	(1,914)	(3,426)
4.01.02.03	Recoverable taxes	(2,872)	(5,200)	(200)	7,906
4.01.02.04	Financing collateral	(3,024)	(4,333)	(4,692)	(8,882)
4.01.02.05	Escrow deposits	(507)	(486)	161	213
4.01.02.06	Other	(6,100)	(1,330)	(1,652)	1,775
4.01.02.07	Suppliers	17,092	38,870	11,651	(14,336)
4.01.02.08	Taxes payable	(8,512)	(1,215)	9,907	11,845
4.01.02.09	Accrued vacation pay	10,524	4,616	3,570	(1,064)
4.01.02.10	Accrual for 13th salary	10,332	19,282	9,287	16,393
4.01.02.11	Employees profit sharing	(3,843)	4,348	(6,635)	(6,635)
4.01.02.12	Technical Cooperation Agreement	(8,469)	(17,853)	(24,204)	(23,331)
4.01.02.13	Pension plan	518	(3,977)	1,425	(3,066)
4.01.02.14	Electric power	595	(4,924)	(4,174)	(8,949)
4.01.02.15	Other debts	2,159	4,591	5,979	5,555
4.01.03	Other	-	-	-	-
4.02	Net cash from investing activities	(218,741)	(384,501)	(160,200)	(322,374)
4.02.01	Sell share	2,583	3,381	-	-
4.02.02	Increase property plant and equipment	(221,324)	(387,882)	(156,776)	(316,294)
4.02.03	Increase intangible assets	-	-	(3,424)	(6,080)
4.03	Net cash from financing activities	(137,706)	(59,237)	(109,426)	(137,362)
4.03.01	Increase loans and financing	106,867	268,924	43,776	83,506
4.03.02	Amortization loans – principal	(45,316)	(84,049)	(36,421)	(68,628)
4.03.03	Amortization loans - interest	(45,873)	(79,775)	(32,263)	(60,523)
4.03.04	Payment of interest equity	(145,275)	(148,222)	(77,093)	(77,099)
4.03.05	Amortization cemig/previminas - principal	(6,197)	(12,324)	(5,541)	(10,881)
4.03.06	Amortization cemig/previminas - interest	(1,912)	(3,791)	(1,884)	(3,737)
4.04	Exchange variation cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) cash and cash equivalents	(163,468)	(27,688)	(122,035)	(146,920)
4.05.01	Cash and cash equivalents at beginning of the period	926,816	791,036	965,022	989,907
4.05.02	Cash and cash equivalents at the end of the period	763,348	763,348	842,987	842,987

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

11.01. CONSOLIDATED SHAREHOLDERS' EQUITY (R$ thousand) 04/01/2009 TO 06/30/2009

1 – COD	2 – DESCRIPTION	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earning (Accumulated loss)	Equity valuation adjustments	Total
5.01	At the end of the period	2,633,063	70,388	0	1,100,648	95,478	0	3,899,577
5.02	Adjustments prior year	0	0	0	0	0	0	0
5.03	Total adjustment	2,633,063	70,388	0	1,100,648	95,478	0	3,899,577
5.04	Net income for the period	0	0	0	0	108,168	0	108,168
5.05	Destination	0	0	0	0	(43,651)	0	(43,651)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest own capital	0	0	0	0	(43,651)	0	(43,651)
5.05.03	Others	0	0	0	0	0	0	0
5.06	Realization of retained earnings	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustments marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated adjustments of translation	0	0	0	0	0	0	0
5.07.03	Adjustments business combinantion	0	0	0	0	0	0	0
5.08	Increase (decrease) capital	2,583	0	0	0	0	0	2,583
5.09	Constitutions/realization capital reserve	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transaction	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Total at the end of the period	2,635,646	70,388	0	1,100,648	159,995	0	3,966,677

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

11.02. CONSOLIDATED SHAREHOLDERS' EQUITY (R$ thousand) 01/01/2009 TO 06/30/2009

1 – COD	2 – DESCRIPTION	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earning (accumulated loss)	Equity valuation adjustments	Total
5.01	At the end of the period	2,632,265	70,388	0	1,100,648	0	0	3,803,301
5.02	Adjustments prior year	0	0	0	0	0	0	0
5.03	Total adjustment	2,632,265	70,388	0	1,100,648	0	0	3,803,301
5.04	Net income for the period	0	0	0	0	240,875	0	240,875
5.05	Destination	0	0	0	0	(80,880)	0	(80,880)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest own capital	0	0	0	0	(80,880)	0	(80,880)
5.05.03	Others	0	0	0	0	0	0	0
5.06	Realization of retained earnings	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustments marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated adjustments of translation	0	0	0	0	0	0	0
5.07.03	Adjustments business combinantion	0	0	0	0	0	0	0
5.08	Increase (decrease) capital	3,381	0	0	0	0	0	3,381
5.09	Constitutions/realization capital reserve	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transaction	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Total at the end of the period	2,635,646	70,388	0	1,100,648	159,995	0	3,966,677

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
01944-5	Companhia de Saneamento de Minas Gerais - COPASA	17.281.106/0001-03

06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated)

1. Operating context

Companhia de Saneamento de Minas Gerais - COPASA (the "Company") is a publicly-traded, mixed-capital company, controlled by the Minas Gerais State Government. The Company is engaged in planning, designing, performing, expanding, remodeling, managing and providing water supply and sanitary sewage services, in Brazil and abroad. The Company is subject to the arbitration of São Paulo Stock Exchange's Market Arbitration Chamber, as set forth in an arbitration clause included in its bylaws.

As of June 30, 2009, the Company has the following whole-owned subsidiaries:

- COPASA Águas Minerais de Minas S/A, established by the State Law 16,693, of January 11, 2007, is engaged in producing, bottling, distributing and selling mineral water from the springs it owns or have license to explore, and managing and exploiting the Water Parks of Caxambu, Araxá, Cambuquira and Lambari.

- COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A COPANOR, established by the State Law 16,698, of April 17, 2007, is engaged in planning, designing, executing, expanding, remodeling and exploiting public utility services comprising water supply and sewage collection, collection, recycling, treatment and final disposal of urban, domestic and industrial waste, draining and management of rain water in urban areas in cities of the North of Minas Gerais and water basins of Jequitinhonha, Mucuri, São Mateus, Buranhém, Itanhém and Jucuruçu rivers planning region.

- COPASA Serviços de Irrigação S/A, established by the State Law 16,698, of April 17, 2007, is engaged in managing, executing and exploiting the irrigation systems of the Jaíba's Project, and conducting its maintenance, using both personal and outsourced personnel and resources. This Subsidiary may contract, when economically effective, through regular bidding processes, the execution of services and construction work necessary to the operation of the system, and purchase products, equipment and materials required to attain its purposes.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

1. Operating context (Continued)

The Company operates in 889 locations in the State of Minas Gerais (unaudited) (887 as of March 30, 2009 - unaudited), in water supply and/or sanitary sewage activities. The twenty major water and sewage concessions the Company holds are:

Unaudited				
Water Concessions			Sewage Concessions	
Location	Savings	Expiration	Location	Expiration
Belo Horizonte	893.121	2032	Belo Horizonte	2032
Contagem	200.307	2073	Contagem	2073
Betim	116.297	2042	Montes Claros	2028
Montes Claros	107.229	2028	Betim	2042
Divinópolis	78.529	2033	Ipatinga	2022
Ribeirão das Neves	78.031	2034	Ribeirão das Neves	2034
Ipatinga	71.765	2022	Santa Luzia	2013
Santa Luzia	61.248	2013	Varginha	2013
Patos de Minas(**)	48.013	2038	Pouso Alegre	2026
Varginha	43.842	2013	Conselheiro Lafaiete	2009
Ibirité	43.122	2034	Lavras	2032
Pouso Alegre	42.998	2026	Teófilo Otoni	2034
Conselheiro Lafaiete	41.389	2009	Ibirité	2034
Teófilo Otoni	37.466	2034	Itajubá	2034
Sabará (*)	36.791	2007	Alfenas	2034
Lavras	34.502	2034	Araxá	2033
Araxá	33.584	2032	Pará de Minas	2009
Itajubá	30.972	2034	Coronel Fabriciano	2033
Ubá	30.719	2014	Vespasiano	2034
Coronel Fabriciano	28.817	2033	Paracatu (*)	2007

(*) The concession agreements with the Municipalities of Paracatu and Sabará terminated at December 1, 2007 and August, 3, 2007, respectively. However, the Company has already started negotiating their renewal and an agreement has already been executed between the municipalities and the State of Minas Gerais. Only the completion of formalizations to execute the Program Contract is still pending. The total revenue for the second quarter 2009 was R$3,951 for Sabará and R$3,649 for Paracatu, or 0.64% and 0.59% of the Company's total water service and water and sewage revenues, respectively.

(**) The Company began operating the sewage system in the city Patos de Minas as from July 1, 2009 and estimates revenue in the region of R$ 3,000 thousand for 2009.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

1. Operating context (Continued)

In the systems operated by the Company, the assets owned by the Municipalities were merged into the Company's property, plant and equipment, at the amounts determined by financial-economic technical appraisal reports, and are depreciated under the straight-line method, based on their estimated useful lives, except for the assets belonging to the Além Paraíba and Ipatinga systems, which are depreciated over the duration of the agreements.

Under most of the agreements, local governments participate with 20% of the sanitation investments made in the municipality, as a capital contribution to the Company. At the end of the concession, if it is not renewed, the goods merged into the Company's equity, as well as those deriving from the Company's investments, will be returned to the Municipality's equity, net of its share in the Company's capital, against a refund to Copasa, except for Além Paraíba and Ipatinga, which will be returned free of charge. For agreements entered into until June 2006, this refund is equivalent to the system's net assets. As for agreements entered into since July 2006, the refund due by the Municipalities has been calculated based on technical appraisal reports of the systems' assets at the time of their return. Please refer to Note 22 for further comments on the case of the Municipality of Belo Horizonte, whose concession agreement was renewed in 2002.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

2. Basis of Preparation and Presentation of the Quarterly Information and First-Time Adoption of Law No. 11638/07 and Provisional Executive Act No. 449/08

The accounting practices adopted in the preparation of this quarterly information are consistent with those disclosed in the financial statements at December 31, 2008.The quarterly information were prepared in accordance with the accounting practices adopted in Brazil and on the standards and pronouncements Brazil and on the standards and pronouncements of the Brazilian Securities and Exchange Commission – CVM observing the financial guidelines in Brazil's corporation law (Law No. 6404/76), which include the new provisions introduced, amended and set aside by Law No. 11638, dated December 28, 2007 and Provisional Executive Act (MP) No. 449, dated December 3, 2008.

The accounting practices adopted in Brazil were changed during 2008, and the effects of their first-time adoption were recorded by the Company and its subsidiaries only during the fourth quarter of 2008 and disclosed in the financial statements at December 31, 2008.

The accounting information for the 2nd quarter of 2008, presented for comparison purposes, was not adjusted to reflect the effects of the aforesaid law and provisional executive order, as allowed by CVM Official Memorandum SNS-SEP 02/20009 and in compliance with the established disclosure requirements, according to which an explanatory note shall disclose the estimated effects on P&L and on shareholders' equity at June 30, 2008, which would exist had they been adjusted by the accounting practices in force in the current year. The Company is presenting in the following exhibits, for comparison purposes, a brief description and the amounts corresponding to the impacts from the changes introduced by Law Nº. 11638/07 and by Provisional Executive Order Nº. 449/08.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

2. Basis of Preparation and Presentation of the Financial Statements and First-Time Adoption of Law No. 11638/07 and Provisional Executive Act No. 449/08 - Continued

Shareholders' equity		Company 06/30/2008	Consolidated 06/30/2008
Brief description of the adjustments			
Equity before adjustments for Law No. 11638/07 and MP No. 449/08		3,714,794	3,714,794
Net effects resulting from full implementation of Law No. 11638/07 and MP No. 449/08	3	(8,782)	155
Equity after full implementation of Law No. 11638/07 MP No. 449/08		3,706,012	3,714,949

Income statement		Company 06/30/2008	Consolidated 06/30/2008
Brief description of the adjustments			
Net income before adjustments for Law No. 11638/07 and MP No. 449/08		203,436	203,436
Reversal of depreciation	1	155	155
Equity pickup over adjustments for Law No. 11638/07 and MP No. 449/08	2	(8,937)	-
Net effects resulting from full implementation of Law No. 11638/07 and MP No. 449/08	3	(8,782)	155
Net income after full implementation of Law No. 11638/07 and MP No. 449/08		194,654	203,591

1. Includes depreciation adjustment amounts related to goods received through donations and grants under item;

2. Write-off of deferred charges from Copasa Águas Minerais de Minas S/A, pursuant to CPC 13 guidelines;

3. Net result of all adjustments described above.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

2. Basis of Preparation and Presentation of the Financial Statements and First-Time Adoption of Law No. 11638/07 and Provisional Executive Act No. 449/08 - Continued

These financial statements were approved by the officers' meeting held on July 20, 2009.

The Company and its subsidiaries opted to adopt the Transition Tax Regime (RTT) introduced by Provisional Executive Act No. 449/08, under which the computation of Corporate Income Tax (IRPJ), Social Contribution Tax on Net Income (CSLL), Social Contribution Tax on Corporate Revenues for Social Integration Purposes (PIS) and the Social Contribution Tax on Corporate Revenues for Social Security Financing (COFINS) for the two-year period 2008-2009, continued to be performed based on accounting methods and criteria defined by Law No. 6404, dated December 15, 1976, in force at December 31, 2007. As such, deferred income and social contribution taxes, calculated on the adjustments resulting from adoption of the new accounting practices originating in Law No. 11638/08 and MP 449/08 were recorded in the Company's financial statements and its subsidiaries, as applicable in accordance CVM Rule 371. The Company and its subsidiaries will disclose such option in its Corporate Income Tax Return for 2009.

Until December 31, 2009, the Company and its subsidiaries will review the estimated economic useful lives of its permanent assets, used to determine its depreciation rates. Any significant changes in the estimated economic useful lives of assets, resulting from such review, will be treated as change in accounting estimates to be recognized on a prospective basis.

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2. Basis of Preparation and Presentation of the Financial Statements and First-Time Adoption of Law No. 11638/07 and Provisional Executive Act No. 449/08 (Continued)

The Consolidated Financial Statements includes the financial statements of the Company and following subsidiaries, whose percentage equity participation in the balance sheet date are summarized as follows:

	% of equity participation	
	Total	Voting
Subsidiaries:		
Copasa Águas Minerais de Minas S/A	100	100
Copasa Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A – COPANOR	100	100
Copasa Serviços de Irrigação S/A	100	100

The financial statements of the subsidiaries included in the consolidation process were prepared as of the same date as those of the parent company, and accounting practices were uniformly adopted by the consolidated companies.

The Consolidated Financial Statements were prepared in conformity with the Accounting Standard and Procedure 21 (NPC 21) - Rules for Consolidation, issued by the Brazilian Institute of Public Accountants (IBRACON) in March 1982, and CVM Instruction No. 247, of March 27, 1996. The following criteria were followed in consolidation:

- Elimination of intercompany balances;
- Elimination of investments and equity in subsidiaries, against the investee's shareholders' equity; and
- Elimination of intercompany transactions

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3. Summary of Significant Accounting Practices

(a) Results of operations

Income and expenses are recorded on the accrual basis of accounting. Income from unbilled water supply and sanitary sewage services are recorded as unbilled trade accounts receivable, based on monthly estimates, so as to match income and expenses in the proper period. Interest income/expenses are recorded by the method of effective interest rate under financial income/expenses.

(b) Transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency (Brazilian real) at the exchange rate at the balance sheet date. Gains and losses resulting from the restatement of these assets and liabilities for exchange variation between transaction date and year end, are recognized in the statement of income as financial income (expenses).

(c) Cash and cash equivalents

These comprise current account balances and short-term investments redeemable up to 90 days from the date of balance sheet and with immaterial risk of changing in market value. The short-term investments included in cash and cash equivalents are mostly classified as “financial assets” at their fair value through P&L.

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3. Summary of Significant Accounting Practices (Continued)

(d) Allowance for doubtful accounts

Calculated based on the analysis of receivables and recorded in an amount considered by Management sufficient to cover possible losses on receivables, according to the following criteria:

Amounts up to R$5, over 180 days past due:

These receivables, except those related to the State Government and Belo Horizonte Municipal Government, are considered losses when they reach 180 days past due, and are directly written off against income, under the caption selling expenses.

Amounts over R$5, over 180 days past due:

The allowance for doubtful accounts is recognized for all receivables, except those related to the State Government and Belo Horizonte Municipal Government, from 180 to 360 days past due, as a credit to the caption allowance for doubtful accounts and as a charge to income. When the receivables exceed 360 days past due they are written off against income.

Other receivables from the Municipal and Federal Governments:

Effective September 1, 2003, according to the position adopted by Management, receivables from the Federal and Municipal Governments, arising from special agreements, contracts and other operations, over 360 days past due, started to be fully accrued.

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3. Summary of Significant Accounting Practices (Continued)

(d) Allowance for doubtful accounts (Continued)

Amounts receivable from the Government of Minas Gerais and the Municipality of Belo Horizonte (PBH):

The Company does not set up any allowance for doubtful accounts in relation to receivables from the Government of Minas Gerais State since there is no history of default. Receivables from PBH not paid until the date of the tariff transfer to the Municipal Water and Sewerage Fund are fully deducted from the value to be transferred, reason why no provision for losses is required.

Supplementary provision:

Management also recognized a supplementary provision for other receivables falling due and receivables less than 180 days past due, for specific customers included in the allowance for doubtful accounts.

(e) Inventories

Maintenance inventories are stated at average cost, not exceeding the market value. Provisions for slow-moving or obsolete inventories are set up when deemed necessary by management.

(f) Non-recurring assets for sale and discontinuation of operations

Assets for sale mainly comprise asset items related to operations in discontinued concessions, whose sale meets the following criteria: being completed within a maximum period of 12 (twelve) months and having the approval of the Company's management and the potential buyer.

(g) Other current assets

Other assets are disclosed at their historical value, including, when applicable, the earnings and monetary and exchange variations incurred on a daily *pro rata* basis.

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3. Summary of Significant Accounting Practices (Continued)

(h) Investments

The investments in controlled companies are evaluated by the equity method. The other permanent investments are evaluated by the acquisition cost method less loss provision, when applicable.

(i) Property, plant and equipment

Stated at acquisition cost, monetarily restated through December 31, 1995, at official rates, combined with the following aspects:

- depreciation of property, plant and equipment at the rates mentioned in Note 9;
- Interest over construction works financing is added to fixed assets, incurred through the date the works start up. Capitalized interest is depreciated under the same criteria and useful lives determined to the fixed asset item into which they have been incorporated.
- Repair and maintenance expenses are not recognized unless the economic benefits associated therewith are likely to occur and their amounts may be reliably measured. Other expenses are directly posted to income as incurred.

(j) Provision for impairment of assets

Management reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may evidence deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable value, a provision for impairment is set up to adjust the net book value to recoverable value. These losses are classified as other operating expenses.

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3. Summary of Significant Accounting Practices (Continued)

(k) Intangible assets

Stated at acquisition cost, less amortization, following mentioned Note 10.

(l) Current and non-current liabilities

These are stated in the balance sheet when the Company has a legal or constituted obligation as a result of a past event, being probable that funds will be required to settle it. Certain liabilities involve uncertainties in relation to term and amount, being estimated as incurred and recorded through a provision. The provisions are recorded based on best estimates of the risk involved.

(m) Interest on equity

Interest on equity payable to shareholders under Law No. 9249/95 was recorded in the statement of income under the caption financial expenses, in conformity with tax legislation. For purposes of publishing the financial statements, interest on equity is recorded as a charge to retained earnings.

(n) Actuarial liability

The Company takes part in a private pension plan administered by a private entity that provides their employees with pensions and other post employment-benefits. The Company records as actuarial liabilities, under Current and Noncurrent liabilities, the amount contracted with these entities to cover insufficient reserves whenever such amount exceeds that calculated under the responsibility of independent actuaries, adopting the projected unit credit method, in accordance with CVM No. 371/2000, as per Note 17. Actuarial gains or losses are recorded under the accrual basis of accounting.

(o) Profit sharing

The Company accrues the profit sharing according to operational and financial targets disclosed to its employees. These amounts are recorded as “Employee profit sharing” in Current Liabilities and in Income.

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3. Summary of Significant Accounting Practices (Continued)

(p) Taxation

Revenue from sales and services are subject to the taxes and contributions below, at the following statutory rates:

Taxes	Rate
PASEP – Social integration program	1.65%
Social Contribution Tax on Corporate Revenues for Social Security Financing – COFINS	7.60%
State VAT – ICMS (subsidiaries)	7.00% to 18.00%

These charges are presented as sales deductions in the statement of operations. The credits resulting from non-cumulative PIS/COFINS are stated deducting cost of service in the statement of operations. The debits from financial income and the credits from financial expenses are disclosed deductively on these lines in the income statement.

From 1989 the Company started paying ICMS (State VAT) under a special taxation regime. However, as disclosed in Note 27, the collection has been suspended since 1991, as a result of a preliminary decision on a Notice of Claim of Unconstitutionality (ADIN). To the present date, the State Executive Branch has not yet handed down a decision concerning this issue.

Taxation on profits includes income tax and social contribution. Income tax is computed on taxable income at 15%, plus a 10% surtax on profits in excess of R$ 240 in the period of 12 months, while social contribution is computed at 9% on taxable income, and recognized on the accrual basis, therefore the inclusion of temporarily nondeductible expenses for book profit, or temporarily nontaxable exclusions from income considered for calculating current taxable profit generate deferred tax credits or debits.

Tax prepayments or recoverable amounts are stated under current assets when exceeding the amount of tax payable. Deferred income and social contribution taxes are recognized on temporary differences, tax losses and social contribution tax loss carryforwards (“deferred tax credits”).

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3. Summary of Significant Accounting Practices (Continued)

(q) Government grants and government assistance:

Government grants and assistance are recognized when there is reasonable assurance that the conditions established by the government have been met and that they will be earned. Initially they are recorded as revenue in income for the time necessary to compare with the expenditure that the government intends to compensate, then they are allocated to the tax incentives reserve in equity, except those guaranteed until December 31, 2007 that were recognized directly in equity.

(r) Accounting estimate:

Accounting estimates are used in the measurement and recognition of certain assets and liabilities in the Company's financial statements and its subsidiaries. These estimates take into consideration the experience from past and current events, assumptions related to future events and other objective and subjective factors. Significant items subject to estimates include the selection of useful lives of fixed and intangible assets; the allowance for doubtful accounts; the provision for inventory losses; the provision for investment losses; analysis of recoverable value of fixed and intangible assets; deferred income and social contribution taxes; the provision for contingencies and actuarial liabilities. The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent to the estimate process. The Company reviews its estimates and assumptions at least on a quarterly basis.

(s) Statement of cash flows:

The statements of cash flows were prepared and are presented in accordance with CVM Rule No. 547 of August 13, 2008, which approved accounting pronouncement CPC 03 – Statement of Cash Flows, issued by the Brazilian FASB (CPC).

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

3. Summary of Significant Accounting Practices (Continued)

(t) Financial Instruments:

Financial instruments are recognized on the date the Company becomes party to the contractual provisions of the financial instruments. When recognized, they are initially recorded at their fair value plus transaction costs that are directly attributable to its purchases or emissions, except for financial assets and liabilities classified as at fair value through profit and loss (FVTPL), that have their costs recognized directly at P&L for the year. Their subsequent measurement occurs at the time of each balance sheet in accordance with the rules established for each type of classification of financial assets and liabilities. The principal financial assets recognized by the Company are cash and cash equivalents, bank deposits, marketable securities and trade accounts receivable. The principal financial liabilities recognized by the Company are: trade accounts payable, loans and financing, and debentures.

4. Cash and Cash Equivalents

	Company		Consolidated	
	06/30/2009	**03/31/2009**	**06/30/2009**	**03/31/2009**
Cash and banks	**49,604**	141,839	**50,613**	143,081
Securities (*)	**712,520**	783,735	**712,736**	783,735
Total	**762,124**	925,574	**763,349**	926,816

(*) The Company keeps own funds from its activity invested in Bank Deposit Certificates - CDBs, which consist of fixed-income securities substantially remunerated by reference to the variation in the Interbank Deposit Certificate - CDI, which ranged from 98% to 115% in second quarter. Financial income in second quarter 2009 from investment of own funds totaled R$ 19,372 (R$ 23,433 in second quarter 2008).

The Company classifies its marketable securities as available for sale and records them at fair value.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

5. Trade Accounts Receivable

Trade accounts receivable mature as follows:

	Company		Consolidated	
	06/30/2009	03/31/2009	06/30/2009	03/31/2009
a) Current assets				
Billed amounts				
Falling due	85,523	87,525	88,823	90,374
Up to 30 days past due	64,071	66,062	64,071	66,062
From 31 to 60 days past due	25,763	23,596	25,763	23,596
From 61 to 90 days past due	11,830	12,532	11,830	12,532
From 91 to 180 days past due	20,206	21,737	20,206	21,737
Over 180 days past due	27,984	24,266	27,984	24,266
	235,377	235,718	238,677	238,567
Unbilled amounts	172,788	172,717	172,788	172,717
	408,165	408,435	411,465	411,284
(-) Allowance for doubtful accounts (*)	(32,227)	(28,505)	(32,613)	(28,670)
Total current assets	375,938	379,930	378,852	382,614
b) Non-current assets				
Long-term				
Unbilled amounts	200,544	196,597	200,544	196,597
Accounts receivable - current and non-current	**576,482**	576,527	**579,396**	579,211

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

5. Trade Accounts Receivable (Continued)

Trade accounts receivable includes R$9,817 of invoices issued to the State of Minas Gerais, and R$ 3,983 billed to the Belo Horizonte Municipal Government (R$ 8,138 and R$ 2,865 as March 31, 2009, respectively).

The balance of unbilled amounts recorded in long-term assets refers to debts renegotiated with the Belo Horizonte Municipal Government, as mentioned in Note 22.

(*) In addition to the amount of the reversal of allowance for doubtful accounts, the Company recorded R$ 10,000 related to losses on realization of receivables, charged directly to the statement of income in second quarter 2009, under the caption selling expenses (R$11,593 in second quarter 2008). Since the year of 2005, the Company started recording write-offs of invoices referring to installment payments to municipal governments due to default on the payment established in the contract.

These amounts are detailed as follows:

	Company	
	06/30/2009	**06/30/2008**
(a) Direct write-off of amounts up to R$5, over 180 days past due, and over R$5, over 360 days past due	**6,278**	4,331
(b) Supplementary allowance for doubtful accounts for amounts falling due and amounts less than 180 days past due, related to specific default customers	**3,722**	7,262
Total	**10,000**	11,593

In second quarter 2009, written-off receivables of R$2,573 (R$6,375 in second quarter 2008) were recovered, recorded as other operating income. Changes in the allowance for doubtful accounts were as follows:

	Company	
	06/30/2009	**06/30/2008**
1. Total at the beginning of the year	**28,505**	16,616
2. Provision (reversion) of the year	**3,722**	7,262
3. Total at the end of the period	**32,227**	23,878

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

6. Current Assets - Other Receivables

Represented by:

	Company		Consolidated	
	06/30/2009	03/31/2009	06/30/2009	03/31/2009
Prepaid expenses (*)	1,089	1,089	1,097	1,091
Bank account – agreements	503	352	5,860	2,094
Short term investments – agreements(**)	16,620	27,411	28,656	35,169
Advances to employees (***)	8,966	6,132	10,141	6,132
Non current assets for sale (****)	3,860	-	3,860	-
Sundry	1,581	1,275	1,581	1,276
Total	**32,619**	36,259	**51,195**	45,762

(*) Refers to expenses with the “health program” of the employees of the Company that will be discounted in the subsequent months.

(***) Subsidiary COPANOR has R$ 9,923 deriving from an agreement with the State Department of Health, having generated gross earnings was credited to the said agreement funds.

(***) Refers mainly to the advanced vacation and 13th salary in the amount of R$ 8,605 paid to employees that had their vacation in first quarter 2009.

(****)Refers to the asset residual value of 10 locations and 6 districts which were operated by COPASA and are being transferred to the control of the subsidiary COPANOR, and that will be paid by the government of Minas Gerais State, through the referred to subsidiary, as soon as the examination of the transferred assets be completed and the terms of responsibility be signed (Note 25).

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7. Noncurrent Assets - Other Receivables

	Company		Consolidated	
	06/30/2009	**03/31/2009**	**06/30/2009**	**03/31/2009**
Restricted investment (*)	45,034	44,371	**45,035**	44,371
Loan to Águas Minerais (**)	20,083	17,505	**-**	-
Loan to Copanor (***)	7,300	5,603	**-**	-
Loan to Irrigação (****)	1,887	1,961	**-**	-
Sundry	-	-	**946**	945
Total	**74,304**	69,440	**45,981**	45,316

(*) Refers to funds from the ANA (National Water Agency) held by COPASA in the context of the Water Basin Depollution Program (PRODES), to be transferred as payment for the treated sewage from the Onça sewage treatment station, in the Municipality of Belo Horizonte, and treated sewage of treatment station of “Betim Central”, in the Municipality of Betim, through the attainment of treated sewage and abatement of polluting emissions goals. Because these goals were parcially attained, the Company records these funds in long-term liabilities, under the caption Deposits for construction work (Note 18).

(**) It refers to contracts of mutual and payroll related charges relating to employees assigned by the Company to its wholly-owned subsidiary Copasa Águas Minerais de Minas S.A, which will be reimbursed as provided for contractually.

(***) It refers to contracts of mutual and payroll and related charges relating to employees and well drilling expenses assumed by the Company in the municipalities covered by COPANOR’s concession area, which will be subsequently reimbursed by the subsidiary as provided for contractually.

(****) It refers to contracts of mutual and payroll and related charges relating to employees assigned by the Company to its wholly-owned subsidiary Copasa Serviços de Irrigação S.A. which will be reimbursed by the subsidiary as provided for contractually.

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8. Investments

	Company		Consolidated	
	06/30/2009	03/31/2009	06/30/2009	03/31/2009
Subsidiaries accounted for under the equity method				
Copasa Águas Minerais de Minas S.A.	11,106	9,654	-	-
Copanor	1	1	-	-
Copasa Serviços de Irrigação S.A.	1	161	-	-
Subtotal	11,108	9,816	-	-
Investments accounted for under the cost method				
Prodemge - Cia. Processamento de MG	959	959	**959**	959
Brasil Telecom	66	66	**66**	66
Telesp	99	99	**99**	99
Vivo Participações	43	43	**43**	43
TIM Participações	30	30	**30**	30
Other	22	22	**22**	22
Provision for loss	(959)	(959)	**(959)**	(959)
Subtotal	260	260	**260**	260
Total	11,368	10,076	**260**	260

The main information on the investments in subsidiaries is as follows:

	06/30/2009			03/31/2009		
	Águas Minerais	Copanor	Serviços de Irrigação	Águas Minerais	Copanor	Serviços de Irrigação
Shareholders' Equity	**11,106**	**5,786**	**(110)**	9,654	(4,006)	161
Capital	**13,929**	**1**	**1**	13,929	1	1
Advance for future capital increase	**19,357**	**-**	**-**	14,957	-	-
Profit(loss)	**(22,180)**	**(5,785)**	**(109)**	(19,232)	(4,005)	160
Number of shares	**13,929**	**1**	**1**	13,929	1	1
COPASA's interest (%)	**100**	**100**	**100**	100	100	100

8. Investments (Continued)

Changes in investments:

	03/31/2009	Equity method	Advance for future capital increase	06/30/2009
Águas Minerais	9,654	(2,948)	4,400	11,106
Copanor	1	-	-	1
Serviços de Irrigação	161	(160)	-	1
Total	**9,816**	**(3,108)**	**4,400**	**11,108**

At June 30, 2009, subsidiaries COPANOR and IRRIGAÇÃO had an uncovered liability of R$ 5,786 and R$ 110, respectively. That Companies set up a provision for loss in this amount. This provision was accounted for as current liabilities, under miscellaneous obligations.

COPASA's subsidiary Copasa Águas Minerais shows accumulated loss and working capital deficiency. The operations of Copasa Águas Minerais started up in September 2008, and due to high costs it could not reach its sales targets.

This subsidiary is having its cost structure reviewed and feasibility studies are underway. Continuity of its business operations is contingent upon operational restructuring aiming at its adequacy to the market in which it is engaged, and financial support from its parent company. The financial statements of Copasa Águas Minerais, which serve as basis for the Company's equity pickup and consolidation were prepared premised on its continuity and include neither adjustments to realization and classification of its assets nor valuation of its liabilities, which could be requested in the event of discontinuance of its business operations.

9. Property, Plant and Equipment

	Company			
	06/30/2009			03/31/2009
Description	Cost	Accumulated depreciation	Net	Net
Water systems				
Forest/environmental preservation land	101,051	-	101,051	100,980
Constructions and deep tubular wells	3,223,756	(1,759,007)	1,464,749	1,474,930
Electrical installations	15,519	(12,774)	2,745	2,517
Machinery and equipment (ND) *	22,224	(11,391)	10,833	11,088
Machinery and equipment (AD) *	393,305	(329,903)	63,402	63,540
Well drilling equipment	1,801	(1,220)	581	613
SUBTOTAL	3,757,656	(2,114,295)	1,643,361	1,653,668
Sewage systems				
Land	4,252	-	4,252	4,252
Constructions	1,652,927	(491,029)	1,161,898	1,159,363
Electrical installations	251	(99)	152	158
Machinery and equipment (ND) *	6,768	(3,591)	3,177	3,210
Machinery and equipment (AD) *	32,401	(29,289)	4,112	4,124
SUBTOTAL	1,696,599	(524,008)	1,172,591	1,171,107
Items general use				
Land	4,562	-	4,562	4,563
Constructions	84,561	(55,370)	29,191	34,552
Electrical installations	52	(22)	30	5
Furniture and Fixtures	5,906	(3,769)	2,137	2,154
Machinery and equipment (ND) *	39,392	(24,205)	15,187	15,005
Tools	108	(87)	21	22
IT equipment	49,138	(37,739)	11,399	11,930
Vehicles	93,862	(77,242)	16,620	18,881
Motorcycles	4,983	(3,883)	1,100	1,223
Heavy equipment	6,145	(5,036)	1,109	1,252
SUBTOTAL	288,709	(207,353)	81,356	89,587
Investment grants and donations	(38,990)	1,445	(37,545)	(31,005)
Subtotal	(38,990)	1,445	(37,545)	(31,005)
Other	45,200	-	45,200	41,398
Construction inventories	89,400	-	89,400	85,686
Construction in progress	1,713,978	-	1,713,978	1,516,548
SUBTOTAL	1,848,578	-	1,848,578	1,643,632
Total	**7,552,552**	**(2,844,211)**	**4,708,341**	**4,526,989**

(*) ND - Normal depreciation; AD - accelerated depreciation.

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9. Property, Plant and Equipment (Continued)

	Consolidated			
	06/30/2009			03/31/2009
Description	Cost	Accumulated depreciation	Net	Net
Water Systems	3,757,707	(2,114,295)	1,643,412	1,653,668
Sewage Systems	1,696,599	(524,008)	1,172,591	1,171,107
Items general use	311,020	(207,889)	103,131	110,913
Investment donations and grants	(38,990)	1,445	(37,545)	(31,005)
Other	45,200	-	45,200	41,398
Advance to suppliers	723	-	723	4,400
Construction inventories	89,400	-	89,400	85,686
Construction in progress	1,717,583	-	1,717,583	1,520,088
Total	**7,579,242**	**(2,844,747)**	**4,734,495**	**4,556,255**

Other is basically advances for acquisition of land.

Assets allocated to the municipalities where the agreements do not establish refund at the end of the concession, Além Paraíba and Ipatinga systems, are amortized over contractually established terms. Other assets included in property, plant and equipment are depreciated under the straight-line method, based on their estimated useful lives, at the rates shown below:

	% annual
Construction	4
Deep tubular wells	4
Furniture and fixtures	10
Machinery and equipment (ND)	10
Machinery and equipment (AD)	20
Electrical installations	10
Well drilling equipment	15
Vehicles and tools	20
IT equipment	20
Heavy equipment	25

Depreciation for the second quarter ended 2009 totaled R$ 57,660 (R$ 56,160 in second quarter ended 2008) and were recorded in income.

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9. Property, Plant and Equipment (Continued)

Water systems refer to assets and installations in 889 locations (unaudited) (887 in 2008) of the State of Minas Gerais, which are operated under the concession agreements signed with the municipalities, for periods ranging from 18 to 99 years, but mostly 30 years.

The balance of construction in progress refers mainly to the expansion and implementation of water systems, in the amount of R$ 631,146 (R$ 554,927 in March 2009), and sewage systems, in the amount of R$ 781,112 (R$ 689,396 in March 2009).

In the second quarter, the Company capitalized in the account of Construction in progress, interest and charges in the amount of R$ 18,877 (R$ 19,458 in second quarter 2008).

10. Intangible Assets

	Company			
	06/30/2009			03/31/2009
Description	**Cost**	**Accumulated amortization**	**Net**	**Net**
Software license	46,188	(24,866)	21,322	23,029
Guidelines, methods and processes	18,317	(16,107)	2,210	2,383
Expropriations	3,971	(1,979)	1,992	2,015
Concession rights	182,729	(24,992)	157,737	159,252
Other intangibles	390	(270)	120	125
Total	**251,595**	**(68,214)**	**183.381**	**186,804**

	Consolidated			
	06/30/2009			03/31/2009
Description	Cost	Accumulated amortization	Net	Net
Intangibles assets	251,613	(68,218)	183,395	186,819
Total	**251,613**	**(68,218)**	**183,395**	**186,819**

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10. Intangibles Assets (Continued)

Expropriations refer to amounts paid to owners of land areas used by the Company for installation of water mains. These assets are amortized over the effective period of the concession agreements with the municipalities where they are located.

Concession rights reflect the financial participation in sewage construction work and treatment of vale floors, to be performed by the municipalities, and are amortized over the effective period of the concession agreements with the municipalities (Note 24).

Amortization of other intangibles is calculated at the rates shown below:

	% annual
Software license	20
Guidelines, methods and processes	10

The amortization of the second quarter ended is in the amount of R$3,509 (R$3,898 in second quarter 2008) and were recorded in income.

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11. Loans and Financing

a) The total was following:

	Company			
	06/30/2009		03/31/2009	
	Current	Noncurrent	Current	Noncurrent
In local currency				
For property, plant and equipment				
Federal Savings and Loans Bank (CEF)	79,788	631,654	75,852	619,734
State Government/BDMG	7,726	19,131	7,483	19,875
National Treasury	32,067	126,997	31,640	134,780
National Bank for Economic and Social Development – BNDES – BNE	423	138,311	85	64,064
Subtotal	120,004	916,093	115,060	838,453
In foreign currency				
For property, plant and equipment				
Banco do Brasil S.A.	1,113	-	2,644	-
Federal Government - bonds	7,343	65,862	9,616	81,310
Subtotal	8,456	65,862	12,260	81,310
Grand total	**128,460**	**981,955**	**127,320**	**919,763**

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

11. Loans and Financing (Continued)

b) Interest rates

Bank	Rates % p.a.	Index	Maturity
Federal Savings and Loans Bank (CEF)	Rates ranging from 6.50% to 11.00% plus 2% administration fee – average 06/30/2009 of 10.17% per annum (10.15% at 03/31/2009).	TR	2029
State government /BDMG	Rates ranging from 8.21% to 10.07% - 06/30/2009 - average of 7.94% p.a. (7.95% at 03/31/2009).	IGP-M	2016
National treasury	5.38%	TR	2014
National Bank for Economic and Social Development - BNDES – BNE	Rates ranging from 1.52% to 2.3 - 06/30/2009 - average of 1.52% p.a. (1.53% at 03/31/2009).	TJLP	2023
Banco do Brasil S.A.	Libor + 13/16 of 1% spread p.a.	Foreign Exchange	2009
Federal Government – bonus (c)	Basket of interest rates (*)	Foreign Exchange	2024

(*)Basket of interest rates - Federal Government - bonds

Bonds	Interest Rate	Commission
Debt Conversion Bond	Libor + 7/8 of 1% p.a. spread	0.2% p.a.
New Money Bonds	Libor + 7/8 of 1% p.a. spread	0.2% p.a.
Flirb	Libor + 13/16 of 1% p.a. spread	0.2% p.a.
C-Bond	8% p.a.	0.2% p.a.
Discount Bond	Libor + 13/16 of 1% p.a. spread	0.2% p.a.
Par Bond	6% p.a.	0.2% p.a.
El Bond	Libor + 13/16 of 1% p.a. spread	0.2% p.a.
Brazilian Investment Bonds	6% p.a.	0.2% p.a.

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11. Loans and Financing (Continued)

(c) Federal Government-bonds

This debt, originally contracted with foreign institutions, was included in the agreement concluded by the Brazilian Government with the international financial community, for renegotiation of the Brazilian public sector's external debt with foreign private creditors. Under the provisions of this agreement, approved by the Federal Senate through Rule No. 98, of December 29, 1992, the debt was exchanged for bonds issued by the Federal Government, which became a debtor to foreign creditors.

In substitution for the installments of the principal, several types of bonds were issued, at rates consistent with those usually practiced by the international financial market, as follows:

Type of bond	Amount (US$)	Issue Date	Term years	Grace Period years	Amortization
Debt Conversion Bond	4,268,697,36	04.15.94	18	10	17 semiannual installments
New Money Bonds	-	04.15.94	15	7	17 semiannual installments
Flirb	-	04.15.94	15	9	13 semiannual installments
C-Bond	6,503,699,35	04.15.94	20	10	21 semiannual installments
Discount Bond	10,426,998,44	04.15.94	30	-	1 single installment after 30 years
Par Bond	15,168,216,07	04.15.94	30	-	1 single installment after 30 years
Brazilian Investment Bonds	1,192,633,29	08.31.89	25	10	30 semiannual installments
Total	**37,560,244,51**				

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11. Loans and Financing (Continued)

(d) Maturity non-current amounts

The long-term portion matures as follows:

	Company	
Maturity	06/30/2009	03/31/2009
2010	64,906	95,397
2011	129,324	127,886
2012	146,969	138,582
2013	146,379	137,540
2014	108,670	99,367
2015	76,279	66,790
2016	50,985	42,433
After 2017	258,443	211,768
Total	**981,955**	**919,763**

(e) Guaranties

As collateral for the financing, the Company has pledged the following:

1. Federal Government - bonds:

These are backed up to the contract balance by the Minas Gerais State Government and by the Company tariff revenues, up to the limit sufficient for payment of the installments and other charges due on the maturity dates.

1.1. Discount Bond and Par Bond:

As accessory guarantee for this financing, the Company keeps at Banco do Brasil the amount of R$ 25,333 as collateral, restated through June 30, 2009 (R$ 35,153 in March 31st , 2009) by applying the average price of the Zero Coupon Bond of the US Treasury, recorded under the caption “collateral for financing”.

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11. Loans and Financing (Continued)

e) Guaranties (Continued)

2. Fiduciary transfer of receivables and receivables restriction agreement.

In order to ensure the performance of the Company's obligations, undertaken in the FGTS funds transfer agreements, in the context of the Sanitation for All Program, entered into by the Federal Savings and Loans Bank (CEF) as designated administrator and Unibanco, Fiduciary transfer of receivables and receivables restriction agreements have been entered into on July 4, 2006 with the managing agents Bradesco, Itaú and CEF, as follows:

			Contract		
Contract	Number	Original amount	Fiduciary transfer	Restricted Account	Reserve Account
Credit facility I		256,428			
Fiduciary transfer	2006 1637		17,000	17,000	21,267
Amendment	2006 2933		17,000	17,000	
Credit facility II		284,593			
Fiduciary transfer	2006 1639		15,300	15,300	
Amendment	2006 2934		15,300	15,300	
Total		**541,021**			**21,267**

The Company made the following pledges for these agreements:

- Fiduciary collateral transfer of part of COPASA's receivables from water supply and sewage collection public utility services provided to its private consumers, in the minimum amount of R$ 17,000 and R$ 15,300 per month, noncumulative, adjusted based on the variation of IPCA (Extended Price Consumer Index) disclosed by FIP.

- Fiduciary transfer of part of the assignors receivables from CEF, related to the funds deposited in the Restricted Account and Reserve Account in funds, temporary cash equivalents or held under any other type of investment, arising from payments of transferred receivables. As of June 30, 2009 the liquidity fund consisting of the amount of reserve account, which corresponds to three times the amount of the installments falling due and is recorded under the caption Collateral for financing in the amount of R$ 21,267 (R$ 20,689 in March 31, 2009).

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11. Loans and Financing (Continued)

e) Guaranties (Continued)

3. Other financing:

- The loans and financing agreements entered into with the Federal Savings and Loans Bank (CEF), to the carry out the institutional development actions in several cities of Minas Gerais and to the performance of works and services for the expansion of the building supply grid, are collateralized by deposits in a collateral account whose minimum balance corresponds to one (1) time the value of the monthly charge, for the agreement executed on December 9, 2003 and three (3) times the value of the monthly charge, for the agreement executed on June 30, 2004, calculated based on the collection available for these agreements. The balance of this account, recorded under the caption Collateral for Financing as of June 30, 2009 is R$ 5,544 (R$ 4,813 in March 31, 2009).

- Loans and financing contracts with the National Bank for Economic and Social Development - BNDES for optimization and expansion of water supply systems and sanitation in the concession areas are guaranteed by the sale of part of fiduciary duties arising out of the public service of providing water supply and sanitation, in an amount equivalent to the minimum value of R$ 3,000 and R$ 23,000 per month, adjusted annually by the IPCA / IBGE, and by security deposits on account of the minimum balance corresponding to three (3) times the value of the installments falling due. The balance of this account recorded as financing bond guarantees, at June 30, 2009 is R$ 2,602 (R$ 1,114 in March 31, 2009).

- Other financing is collateralized by the Minas Gerais State Government and by the Company's tariff revenues.

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11. Loans and Financing (Continued)

f) Contractual covenants

The Company's financing agreements have covenants that require the performance of special guarantees, as follows:

(a) Covenants of syndicated agreements:

Ratio	Limit
Total liabilities/shareholders' equity	Equal or less than 1.0
EBITDA/debt service	Equal or greater than 1.55
Water and sewage connections/Headcount	Equal or greater than 350

(b) Contractual Covenants with CEF - the contracts previously signed with Unibanco, with funds from FGTS (severance pay fund), were transferred to CEF's management, as described in item 2 above.

Ratio	Limit
Total liabilities/shareholders' equity	Equal or less than 1.0
EBITDA/debt service	Equal or greater than 1.7
Current liquidity, adjusted	Greater than 0.9
Water and sewage connections/Headcount	Greater than 365

(c) Contractual covenants with - BNDES/BNE:

Ratio	Limit
Net debt/EBITDA	Equal or less than 3.0
EBITDA/ROL	Equal or greater than 36%
EBITDA/debt service	Equal or greater than 1.5

Note that through June 30, 2009, none of the covenants above was breached

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12. Debentures

		06/30/2009		03/31/2009	
Series	Subscription date	Current	Non-Current	Current	Non-Current
Nonconvertible Debentures					
Subscriptions made - 1st issuance					
1st and 2nd	06/30/2004	7,881	31,580	7,886	33,491
3rd and 4th	11/09/2004	7,884	31,578	7,886	33,491
5th and 6th	07/29/2004	7,884	31,578	7,886	33,491
7th	12/19/2005	3,942	15,789	3,943	16,745
8th and 9th	04/24/2006	7,884	31,577	7,886	33,491
10th	12/19/2006	3,942	15,789	3,943	16,746
11th and 12th	03/23/2007	7,884	31,577	7,887	33,491
		47,301	189,468	47,317	200,946
Subscriptions made - 3rd issuance					
1st to 6th	12/06/2007	501	150,567	501	150,477
7th	09/25/2008	83	25,094	83	25,079
8th	12/06/2008	251	75,284	250	75,238
9th to 11th	03/30/2009	251	75,284	8,477	75,239
		1,086	326,229	9,311	326,033
Nonconvertible Total		48,387	515,697	56,628	526,979
Convertible Debentures					
Subscriptions made - 2nd issuance					
Single Subscription	08/28/2007	283	85,615	2,100	88,401
Single Subscription	09/06/2007	166	50,004	1,187	49,974
Single Subscription	12/03/2007	8	2,481	59	2,473
Convertible Total		457	138,100	3,346	140,848
Total		**48,844**	**653,797**	**59,974**	**667,827**

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12. Debentures (Continued)

- Nonconvertible Debentures

Subscriptions made – 1st issuance:

In June 2004, the Company placed 300 nonconvertible simple debentures of R$1,000 each, in a private issue, through exclusive subscription by the BNDES (National Bank for Economic and Social Development). These debentures were issued in 12 series of R$25,000 each.

The subscription price of each series was equivalent to the nominal value plus the interest mentioned below, calculated on a *pro rata* basis from the issuance date to the effective subscription date, the contractual terms and conditions being the following:

- Issue date - June 15, 2004
- Term - 10 years
- Grace period of the principal - 36 months
- Amortization - 84 months
- Final expiration - July 15, 2014
- Yield - TJLP + 3.58% p.a.
- Guarantee - 20% of revenue, plus reserve account

This first issue is guaranteed by 20% of the Company's tariff revenue and a reserve account, the amount of which is equivalent to three installments falling due, deposited in an investment fund, recorded under the caption "collateral for financing". As of June 30, 2009, the amount pledged as collateral totaled R$17,169 (R$17,398 in March 31, 2009).

The funds from this issuance are earmarked for financing of projects for expansion and modernization of water supply and sanitary sewage systems in the concession areas.

12. Debentures (Continued)

► Nonconvertible Debentures (Continued)

Subscriptions made – 3rd issuance:

The simple debentures, not convertible into common shares, negotiated in a private deal under exclusive subscription by BNDES – National Bank for Economic and Social Development, are composed of 450 simple debentures of R$1,000 each, whose issuance is being made in 18 (eighteen) series of R$25,000 each. The contractual terms and conditions were as follows:

Issue date	June 1, 2007
Term	12 years
Grace Period of the principal	30 months
Amortization	114 months
Final expiration	December 15, 2019
Yield	TJLP + 2.3% p.a.
Guarantee	Floating, with assignment and binding of receivables, plus reserve account

This 3rd issuance is guaranteed by mensal minimum deposits of R$18,000, related to revenues of the Company, updated annually by the IPCA, and by a reserve account, in which the minimum balance must be equal to 3 (three) undue installments, related to all debentures of all series issued and subscribed, deposited in a investment fund, recorded in the account balance “Collateral for Financing”. As of June 30, 2009, the amount pledged as collateral totaled R$ 6,764 (R$ 5,135 in March 31, 2009).

12. Debentures (Continued)

► Convertible Debentures

Subscriptions made - 2nd issuance:

On June 16, 2007, the Company executed a Convertible Debentures Indenture in the amount of R$141,024 under the following terms and conditions:

Issue date	June 1, 2007
Quantity	1,130,000
Nominal unit amount in reais	R$124.80
Grace Period of the principal	59 months
Amortization	June 1, 2012 and June 1, 2013
Yield	TJLP + 2.3% p.a.
Guarantee	Floating

The shareholders of the Company were granted the preemptive right to subscribe debentures on the same proportion to the number of COPASA shares held on July 30, 2007, so that to subscribe one (1) debenture, it would be necessary that a shareholder holds 102 shares of COPASA. The deadline to exercise the preemptive right is 30 days after July 30, 2007, day of publication of the Notice to Shareholders, hence, maturing at 04:00 p.m. of August 28, 2007. COPASA's shares (under the tick symbol CSMG3 at the São Paulo Stock Exchange) were traded ex-rights of debentures subscription since July 31, 2007.

The option for conversion was firstly made on June 2, 2008 and will end by May 31, 2013. Until May 31, 2012 each debenture can be converted into four common shares issued by the Company and between June 1, 2012 and May 31, 2013 each debenture can be converted into two common shares issued by the Company for R$31.20 each share, updated according to the terms of the deed. Until June 30, 2009 the following conversions have already been completed:

	Number	
Date	Convertible debentures	Common shares
08/04/2008	188	752
03/06/2009	5,396	21,584
03/12/2009	973	3,892
04/01/2009	20,595	82,380
Total	27,152	108,608

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12. Debentures (Continued)

- Convertible Debentures (Continued)

  The funds provided by the 2nd and 3rd issuances will be used in the Company's Investment Plan for the 2007/2010 period to modernize, increase and implement new water treatment stations and sewage treatment stations, optimize operations with improvements in the control of loss reduction and for water supply studies and projects and sanitation services, as well as investments in new concessions and institutional development.

- *Covenants*

  Under debentures contracts, the Company has covenants requiring that the following specific ratios are obtained, as follows:

Ratio	Limit
EBITDA/debt service	Equal or greater than 1.5
EBITDA margin	Equal or greater than 33%
Indebtedness ratio	Equal or less than 70%
EBITDA/net revenue	Equal or greater than 36%
Net indebtedness/EBITDA	Equal or less than 3.0

Note that through June 30, 2009, none of the covenants above was breached.

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13. Tax Provisions

	Company		Consolidated	
	06/30/2009	03/31/2009	06/30/2009	03/31/2009
Noncurrent				
PIS/PASEP/COFINS (*)	44,902	44,189	44,902	44,189
IPI Premium Credit (**)	69,656	68,955	69,656	68,955
Total	**114,558**	**113,144**	**114,558**	**113,144**

(*) As of June 30, 2009, the utilization of PIS/PASEP and COFINS deemed credits to offset taxes in January 2004 to August 2007 represented R$ 44,902 (R$ 44,189 as of March 31, 2009). The Company understands that prevailing legislation fails to address whether such credits may be used with respect to inputs consumed in its core business. Based on a study conduced by independent consultants, which resulted in the refinement of the estimate of the tax bases, the Management decided to provide for the use of these tax credits until the legal basis of such credits is defined.

(**) In 2001, we acquired from third parties, at a 15% discount, R$65,800 million worth of credit premiums relating to IPI (Federal VAI), or IPI, an excise tax, which we offset against other federal tax debts. The aforesaid credits were obtained on the basis of preliminary injunctions from legal actions filed by credit assigning companies. Although the Brazilian IRS (Secretaria da Receita Federal) issued the relevant documents evidencing the offsetting request, in other instances it has adopted the view that either because of the origin of the credits (i.e., acquisition from third parties), the legal nature of IPI credit premiums, or because of the still pending underlying court proceedings, such IPI credit premiums may not be offset. Until recently, the Higher Court of Justice used to recognize the IPI credit premium right. However, the relevant case law has been recently changed, advancing the legal theory that, for consisting of a sectorial incentive, the term of effectiveness would have been on October 5, 1990.

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13. Tax Provisions (Continued)

We understand that the subject depends upon conclusive judgment by the Federal Supreme Court.

Considering the current legal scenario, our outside lawyers assessed the chances of loss involving this matter as probable. However, we have sound legal grounds to claim that part of the compensation was tacitly approved. Thus, there are fairly tenable arguments to assert the termination of obligations with the Brazilian IRS in relation to cases in which more than five years have elapsed between the date of the offsetting statement and any notice by the Brazilian IRS to disallow the tax amount offset. As regards the approval of offsetting requests claimed for more than five years without any notice to disallow the claim being served by the Brazilian IRS, our outside lawyers estimate the chances of loss on this part of the contingency as possible. At June 30, 2009, the balance of this provision is R$ 69,656 (R$ 68,955 at March 31, 2009), as per the Company calculations , including late-payment fine and interest charges by reference to the SELIC rate, and not considering tax credit amounts offset for more than five years without any approval or rejection expressed by the Brazilian IRS.

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14. Contingencies

The Company's criterion, based on the opinion of its legal counsel, is to accrue amounts for civil and tax lawsuits with probable likelihood of loss, and for labor lawsuits with probable and possible likelihood of loss, as well as legal tax obligations.

(a) Lawsuits with probable likelihood of loss

The Company is a party to various lawsuits arising in the normal course of its operations, including civil, labor and tax lawsuits.

The Company, based on the opinions of its legal counsel and Management, recognized a reserve for these contingencies in an amount sufficient to cover probable losses. The accrued amounts are presented according to the nature of the corresponding lawsuits, as follows:

	Company					
Nature	**06/30/2009**			**03/31/2009**		
	Reserve	**Escrow Deposits**	**Net**	**Reserve**	**Escrow Deposits**	**Net**
Civil (*)	14,604		14,604	13,081	-	13,081
Labor (**)	16,618	(711)	15,907	14,713	(754)	13,959
Tax (***)	504	(125)	379	498	(125)	373
Total	**31,726**	**(836)**	**30,890**	**28,292**	**(879)**	**27,413**

Changes in contingencies and escrow deposits at the second quarter are as follow:

Nature	**03/31/2009**	**Additions**	**Reversions**	**Use**	**06/30/2009**
Civil	13,081	2,705	(20)	(1,162)	14,604
Labor	14,713	2,837	(322)	(610)	16,618
Tax	498	44	-	(38)	504
Subtotal	28,292	5,586	(342)	(1,810)	31,726
Escrow deposits	(879)	(64)	-	107	(836)
Total	**27,413**	**5,522**	**(342)**	**(1,703)**	**30,890**

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14. Contingencies (Continued)

(a) Lawsuits with probable likelihood of loss (Continued)

The details on the recognized reserves are as follows:

(*) Reserves for civil lawsuits are related to claims for compensation for property damage or pain and suffering or claims for reimbursement of amounts paid to the Company due to overpayment or duplicate payment. The Company estimates the amounts to be accrued based on the billed amounts subject to questioning and on recent court decisions.

In 2003, the Public Prosecution Office of the State of Minas Gerais filed a public civil action questioning the 2003 tariff increase for the City of Belo Horizonte, since COPASA applied the increase rate to the first bills issued after the increase date, rather than billing the consumption subsequent to the increase date. In challenging the legality of the tariff increase, the Public Prosecution Office proposed the cancellation thereof. The final decision found for the partial validity of the claim and required the Company to return to customers the portion of the tariff increase corresponding to the consumption preceding the increase date. The proceedings for execution of the award are currently ongoing. This contingency, as of June 30, 2009, was estimated at R$2,355, which has been fully provisioned (R$2,324 of March 31, 2009).

Environmental Protection Association Verde Gaia filed a public civil action against COPASA questioning the breach of Article 2 of State Law No. 12503/97, whereby water supply utilities are required to invest 0.5% of their operating revenue in environmental protection and conservation of the water basin explored. During the process, procedural changes, such as the lower court decision that was favorable to plaintiff, and the current position of the Minas Gerais State Court of Justice (TJMG) on the environmental matter under concern, the process had to be reclassified to a probable loss contingency. Accordingly, the Company set up a provision deemed sufficient to cover the likely loss on this suit, which amounts to R$ 2,284 at June 30, 2009 (R$ 2,254 at March 31, 2009).

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14. Contingencies (Continued)

(a) Lawsuits with probable likelihood of loss (Continued)

(**) The claims in which the Company has direct responsibility relate, in the majority, to pain and suffering and material damages due to work related diseases or occupational accidents, overtime, commuting, unhealthy work conditions and hazard allowances, prior notice payments, salary differences deriving from job equality, challenge of instances of termination for cause, reinstatement of low risk healthcare plan and continuity of staples basket payment. COPASA has provisioned all labor claims where the outcome was considered a probable and/or possible loss, which represents approximately 35.27% of the potential liabilities estimated for all labor claims.

We also appear as a co-liable joint defendant, with the principal liability lying with outsourced contractors that provide maintenance and construction services to the Company. In these cases, if the claims are upheld, these contractors are usually liable for paying the award. However, if the contractors are financially unable to make payment, COPASA may be legally compelled to settle the labor liability, for which reason the prospects for loss in these cases are considered possible. As of June 30, 2009, the Company recorded a reserve for contingencies in the amount of R$1,808 (R$ 1,821 as of March 31,2009), for potential liability concerning these cases, taking into account the existence of contractors that are undergoing financial difficulties and could potentially default.

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14. Contingencies (Continued)

(a) Lawsuits with probable likelihood of loss (Continued)

In addition, we are currently a party to fifteen administrative proceedings initiated after an inspection by officials representing the Regional Labor Office, which resulted in infringement notices on allegation that we failed to compute the effects of overtime worked over the employees' weekly rest remuneration, such that this would represent undue reductions in salaries, leading to the notices and a fine for each employee found to be in the same situation. This in turn affects our contributions to the Severance Pay Fund FGTS. Our legal advisors rate the likelihood of of an unfavorable outcome for these lawsuits as possible, and, therefore, a provision in the amount of R$ 7,079 as of June 30, 2009 (R$ 6,906 as of March 31, 2009) was established.

There is also a labor claim related to a public civil lawsuit in course at the 24th labor court of Belo Horizonte, whereby SINDÁGUA and the Public Prosecution Office claim that the dismissal policy and motivational program adopted by the Company are discriminatory. We estimate that the loss on this lawsuit totals R$ 1,041, which is duly provided for at June 30, 2009 (R$ 1,011 at March 31, 2009).

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14. Contingencies (Continued)

(b) Lawsuits with possible likelihood of loss(Continued)

The Company is a party to other lawsuits for which the likelihood of loss is possible. For these lawsuits, no reserves for contingencies were recognized to cover possible losses, as the Company considers that it has a solid legal basis for the procedures adopted for its legal defense.

Ongoing lawsuits at various administrative and judicial levels, in which the Company is a defendant, are as follows:

	Company	
Nature	06/30/2009	03/31/2009
Civil (*)	461,456	446,840
Tax (**)	7,909	7,873
Total	**469,365**	**454,713**

(*) Refer to lawsuits for compensation for property damage, pain and suffering and loss of profits caused to third parties, and which are at various court levels, summarized as follows:

(a) Individual Lawsuits

We are parties to a significant number of individual lawsuits claiming damages for the disconnection of water service, occupational accidents and damages caused by construction. These lawsuits were filed in the normal course of our business, and involve pain and suffering and material damages, such as for damages to property (real property or cars) and accidents caused during the operation of our activities, among other matters. We do not believe that an unfavorable outcome in these legal actions, either individually or in the aggregate, would have a material adverse effect on our business, results of operations, financial condition or prospects.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

14. Contingencies (Continued)

(b) Lawsuits with possible likelihood of loss (Continued)

(b) Public Civil Actions

In addition, we are parties to public civil actions and class actions that challenge, and seek to annul, declare void or suspend 12 of our concession agreements, namely those executed with the municipalities of Almenara, Caratinga, Campina Verde, Cataguases, Divinópolis, Frutal, Lavras, Leopoldina, Nanuque, Ribeirão das Neves, São Gotardo and Três Corações. Moreover, we, the City of Belo Horizonte and SUDECAP are parties to a class action that seeks to have the cooperation services agreement declared void. In this latter case, the parties submitted their final arguments and the lawsuit is currently pending judgment. Our summation claims for dismissal on the grounds of impropriety of the class action and, as to the merits, for denial of the complaint based on the argument that the cooperation services agreement is a lawful and valid instrument. As of June 30, 2009, no judgment had been rendered on any of these lawsuits, except Caratinga, and we had not made any provisions because we consider that our prospects of a defeat are either remote or possible. The opinions of renowned jurists and a precedent of the Court of Appeals of the State of Minas Gerais concerning a similar case are all in favor of our position that the concession agreements and the cooperation services agreements are lawful, valid and binding instruments. In any event, an unfavorable outcome in any of these lawsuits could adversely affect our business and financial condition, as it would result in the loss of our concessions or the cooperation agreement.

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14. Contingencies (Continued)

(b) Lawsuits with possible likelihood of loss (Continued)

(b) Public Civil Actions (Continued)

Furthermore, we are parties to an execution action for collection of a sum certain and to a specific performance claim, both of which result from noncompliance with a TAC entered into with the Public Attorneys' Office of the municipality of Betim, which, as of June 30, 2009, amounted to R$ 35,095 (R$ 34,626 as of March 31, 2009). We filed a motion to stay the execution and dispute the allegation of noncompliance arguing that, to the extent of our ability, we did implement the construction work required from us so as to meet the increase in demand resulting from population growth within the municipality, though having had no control over the implementation of certain infrastructure work it was incumbent on the municipality to provide. We are currently awaiting the report to be submitted by the court-appointed expert in respect of his investigation of the facts. The likelihood of loss was assessed as possible. Accordingly, no reserve has been recorded in connection with this lawsuit.

(c) Environmental Actions

We are a party to a number of public civil actions and class actions concerning environmental matters, which were filed against us in the normal course of our business. For the most part, these proceedings involve claims for compensation and investments in preservation of the environment for alleged environmental damages resulting from the construction of sewage treatment plants. Though these claims generally do not involve significant amounts, we may be required to make substantial investments and/or to abstain from certain operating practices.

One of these environmental class actions involve material contingencies amounting to R$ 59,802 as of June 30, 2009 (R$ 59,002 as of March 31, 2009). We dispute in these proceedings claims for compensation of environmental damages related to effluents discharged in the São Francisco River. Until the moment no decision was sentenced for this case, which we assess the likelihood of loss as possible.

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14. Contingencies (Continued)

(b) Lawsuits with possible likelihood of loss (Continued)

(d) Instruments of Adjustment of Conduct - TACs

In the past we executed several TACs, with the Prosecution Office of the State of Minas Gerais concerning environmental issues arising out of administrative and civil investigations of our operations. We also settled a public civil action by means of an instrument of adjustment of conduct entered into with the Prosecution Office, which provides for completion of the sanitary sewage system in the municipality of Paracatu in addition to payment of a civil indemnity.

In most cases, these compliance agreements require us to implement or improve local sanitary sewage systems or sewage treatment plants in order to prevent discharges of untreated effluents into bodies of water (rivers, creeks, etc.). The investments required for compliance with our undertakings in these TACs are included in our capital expenditure plan.

(**) The most significant ones are as follows:

In April 2004, the Company was assessed by the Federal Revenue Service for not including in the PASEP and COFINS (taxes on revenue) tax basis the financial income from monetary variations of liabilities, generated by the decrease in the US dollar rate. The tax liability as of June 30, 2009 amounts to R$ 26,141 (R$ 25,792 as of March 31, 2009) and may be classified as a possible contingency, since there are no previous decisions on the matter. However, the Company filed an administrative appeal for rejection and contestation of the tax assessment notice and will sustain its position at higher courts, if necessary, until the final decision. Based on the opinion of legal counsel, management believes that the recognition of a reserve for this assessment is not presently necessary.

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14. Contingencies (Continued)

(b) Lawsuits with possible likelihood of loss (Continued)

In relation to COFINS, it is important to mention that the administrative appeal filed was denied on June 14, 2005, and concerning PIS/PASEP, the administrative appeal is still awaiting decision before the Second Board of Tax Appeals. However, the Superior Justice Court, in a recent decision, declared the unconstitutionality of Law No. 9,718/98 related to the extension of the tax basis of said contribution. Accordingly, the Company intends to appeal in court for voiding of the administrative act that recognized the tax credit supported by unconstitutional legislation.

15. Employees' Profit Sharing

The Company's management, pursuant to the 2005/2007 Collective Agreement signed with the workers' unions, approved the rules of the Company Employees' Profit Sharing Program, as decided at its meeting held on October 28, 2005 and in accordance with prevailing legislation. The amount to be distributed is equivalent to 25% of the mandatory minimum dividends paid to shareholders, or 6.25% of net income for the year, after deduction of the legal reserve, and will have the percentage of completion of the investment program approved by the Company for the year, the number of connections per employee and operating profit as measures of performance aiming the achievement of goals.

However, the 2008/2010 Collective Agreement made some changes to the previous regulation, which was approved at its meeting of July 25, 2008, establishing that the computed amount shall be linearly distributed among all employees, in two installments of 50% each, the first one payable in April's payroll and second one in October's.

At first quarter ended then March 31, 2009, and at second quarter ended then June 30, 2009 the Company accrued R$ 8,191 and R$ 8,280, respectively, to honor this commitment.

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16. Technical Cooperation Agreements

Refers mainly to funds received, after July 2006, related to the agreements entered into by the Company with the State Regional Development and Urban Policy Department, the main purpose of which is the technical and financial cooperation for the expansion of the public sanitation system in the regions of Vale do Jequitinhonha, Estrada Real (in Ouro Preto city) and another interior regions of the State of Minas Gerais.

The amounts received from agreements are applied on specified works on the terms under the agreements themselves, and their amounts, when received, are recognized in the Technical cooperation agreement accounts under Current liabilities, and when used, in Current assets pending matching of accounts.

The amounts were following:

	Company					
	06/30/2009			03/31/2009		
	State	Other	Total	State	Other	Total
Assets	185,257	27,234	212,491	168,532	24,840	193,372
Liabilities	180,831	12,686	193,517	178,611	12,646	191,257
Net	**4,426**	**14,548**	**18,974**	**10,079**	**12,194**	**2,115**

	Consolidated					
	06/30/2009			03/31/2009		
	State	Other	Total	State	Other	Total
Assets	218,996	27,234	246,230	186,776	24,840	211,616
Liabilities	229,661	12,686	242,347	203,556	12,646	216,202
Net	**10,665**	**14,548**	**3,883**	**16,780**	**12,194**	**4,586**

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17. Pension Plan

On December 7, 1982, the Company signed an agreement and became sponsor of Fundação de Seguridade Social de Minas Gerais - FUNDASEMG, whose rights and obligations were later assumed by PREVIMINAS, which was created with the purpose of supplementing the retirement of participating employees, ensuring the maintenance of their benefit plan in said Foundation. The Company's contribution is equal to the one made by participating employees, pursuant to Supplementary Laws No. 108 and 109, of May 29, 2001 and previously prepared actuarial reports.

The benefits offered in the plan are: supplementary retirement payouts (due either to disability, age or years of contribution and special), as well as sickness benefits, pension, imprisonment benefit and death benefit.

The Company's actuarial assumptions are reviewed regularly and may differ significantly from current results due to changes in market and economic conditions, regulatory events, court decisions, increase or decrease on termination rates and on expected participants' lifespan. Such differences may significantly impact Company's expenses recorded under the pension plan caption. The liabilities as follows:

	Company	
	06/30/2009	03/31/2009
Interest current	489	489
Special contribution	6,311	6,137
Normal contribution	5,479	4,962
Total – current liabilities	**12,279**	**11,588**
Special contribution	94,085	94,417
Prior years contributions	74,710	79,940
Total – non current liabilities	**168,795**	**174,357**
Total	**181,074**	**185,945**

In the 2nd quarter of 2009, P&L was affected by the reversal of the provision for actuarial liabilities (net) for R$ 5,230 (in the 2nd quarter of 2008, there was no recording affecting P&L).

18. Other Payables

	Company		Consolidated	
	06/30/2009	03/31/2009	06/30/2009	03/31/2009
Current				
Electric power (*)	28,573	27,754	28,573	27,754
Municipal governments (**)	10,827	10,935	10,827	10,935
Other	7,100	5,374	7,042	5,442
Total Current	**46,500**	**44,063**	**46,442**	**44,131**
Noncurrent				
Electric power (*)	42,561	46,732	42,561	46,732
Construction work (***)	38,585	38,095	38,589	38,095
Deferred revenue	2,500	4,375	2,500	4,375
Provision loss	5,896	4,006	-	-
Total Noncurrent	**89,542**	**93,208**	**83,650**	**89,202**

(*) Refers to the installment payment of the debt arising from past-due bills, in conformity with the agreement and acknowledgement of debt formalized with Companhia Energética de Minas Gerais - CEMIG, through which the Company recognized the debt of R$78,495, which was agreed to be divided into 96 monthly and consecutive installments until September 2012, restated based on the IGP-M, plus interest of 0.5% per month. As of June 30, 2009, there are 39 installments to be paid. The current liabilities still records the value of monthly invoices in the amount of R$ 9,657 (R$ 9,062 as of March 31, 2009)

(**) Part of this debt refers to offset of accounts and obligation assumed in renovation of concession agreements with several municipalities.

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18. Other Payables (Continued)

(***) In December 2003, the Company received funds amounting to R$ 12,636 transferred from the National Water Agency - ANA, in return for the Federal Government participation in the construction of the Sewage Treatment Plant of Ribeirão Onça, in the City of Belo Horizonte. In accordance with clause 6 of contract 012/2003 signed with the National Water Agency - ANA on November 21, 2003, the payment for treated sewage will be made to the Company in two quarterly consecutive installments after certification of the goals of reduction of pollutant loads to be issued by that agency. The term of contract originally scheduled for December 31, 2007 was postponed to July 1st, 2013, changing the date of the request for issuance of certification by the Company to July 1st, 2009, as provided for in the 3rd Addendum to the contract signed on August 15, 2007. As the Company already has, since November 2008, studies that prove the achievement of 1st stage of the goals, planned for July 2009, the right to 1 / 3 of the amount passed on by ANA was recognized, corresponding to R$ 7,499, of which R$ 1,250 was credited in financial income and R$ 6,249 in deferred income in December 31, 2008.

The Company recognized in revenues for the 2nd quarter of 2009 the amount of R$1,875, consisting of deferred income recorded in 2008, and R$173 consisting of 1/3 of revenues forthe quarter arising from the investment of funds received. The invested amount, updated until June 30, 2009, consisting of this transfer is R$23,487 (R$23,141 at March 31, 2009) (Note 07).

As of December 31, 2007, the Company received additional R$18,720 of a new transfer of funds from ANA (National Water Agency), as a counterpart to the participation of the Federal Government in the construction of the sewage treatment station of “Betim Central”, in the municipality of Betim. Under clause 6 of the agreement 039/2007, signed with ANA on December 11, 2007, settlement of sanitary sewage will be made in 12 quarterly, successive installments, contingent to the certification of the limit reduction of pollution emissions to be established by ANA.

18. Other Payables (Continued)

The Company initiated the certification process of the Programa of Water Basins Depollution – PRODES on july 1, 2009 and until October 15, 2009 must send the report to the approval of the ANA, the result will hopefully be obtaind in November 2009. Received approval for the first measurement, the Company has made avaliable the equivalent or 1 / 12 of existing resources in linked account. Thus, every three months the Company shall issue the measurement report and submit it for approval by the ANA, to complete the twelve measurements provided in the contract. It should be noted, however, the possibility of renegotiating with the agency dates of completion of new measurements, compared to non-completion of projects that will influence the achievement of goals. The updated balance of the funds transferred, as of June 30, 2009, is R$21,548 (Note 7) (R$ 21,230 in March 31, 2009).

19. Shareholders' Equity and Dividends

(a) Capital

	Company	
	06/30/2009	**03/31/2009**
Authorized capital	3,000,000	3,000,000
Unsubscribed capital	(364,354)	(366,937)
Subscribed and paid-up capital	**2,635,646**	**2,633,063**

Subscribed and paid-up capital is represented by 114,903,380 common shares, as follows:

	Company			
	06/30/2009		**30/06/2008**	
Shareholders	Amounted	%	Amounted	%
State of Minas Gerais	61,188,867	53.12	61,188,867	53.13
Other	53.714.513	46,60	53,605,905	46.55
Subtotal	114.903.380	99.68	114,794,772	99.68
Treasury Shares	370,176	0.32	370,176	0.32
Total (*)	**115,273,556**	**100.00**	**115,164,948**	**100.00**

(*) The 8,156 common registered shares of the Company resulting from the conversion of 2,039 debentures on 06/18/09 and that had not been approved until 06/30/09 are not included in the total above. The deadline for approval, as in the certificate is 60 days after conversion.

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19. Shareholders' Equity and Dividends (Continued)

(a) Capital (Continued)

On August 4, 2008, on March 6 and 11, 2009 and on April 1, 2009 a number of debenture-holders conversed 188, 5,396, 973 and 20,595 debentures, respectively, into 108,608 common shares of the Company, and each debenture was conversed into 4 common shares, as established in the 2nd Issue Deed for debentures convertible into shares. With this, the Company's free float increased to 46.5%.

At May 05, 2008, Mackenzie Financial Corporation, in the capacity of mutual fund administrator advisor and/or sub-advisor, informed us that participation of such funds in the total Company capital reached 5.02%.

(b) Treasury Shares

The Company holds 370,176 own shares in treasury, in the amount of R$9,190, mainly acquired from the shareholder State of Minas Gerais, through transactions related to settlement of debts originated from the provision of water and sewage services and technical cooperation agreements.

(c) Profit retention

At April 28, 2009 in the annual shareholders'meeting, management approved a proposal for a profit retention of R$270,281, for future investments by the Company, in line with the "action plan" approved by the Board of Directors, to be performed in the long term.

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19. Shareholders' Equity and Dividends (Continued)

(d) Tax Incentive Reserve

It consists of the allocation of tax incentives deriving from government grants and donations appropriated to income for the year in accordance with Article 195-A of the Corporation Law, included by Law No. 11638/07, effective from January 1, 2008.

In year 2008, R$1,250 was allocated to income relating to the incentive for the fulfillment of the 1st stage of the goal of reduction of pollutant loads at Betim Sewage Treatment Plant, scheduled for July 2009 (Note 18). This incentive was granted by the Water National Agency – ANA with funds from the National Program of Water Basins Depollution (PRODES).

(e) Shareholders' remuneration

The Company's board of directors approved the payment of interest on equity capital to shareholders, as decided in the following meetings;

Date	Gross amount reported	Total per share
03/27/2009	37,229	(*)
06/26/2009	43,651	(**)
	80,880	

(*) The payment of 114,795,524 shares entitled to full remuneration will amount to R$0.32424988273 per share, whilst 25,476 shares entitled to pro rata temporis remuneration will amount to R$0.2431739677 per share.

(**) The 114,795,524 shares entitled to full compensation will be compensated by R$ 0.38 per share. For shares entitled to *pro rata temporis* compensation the amount will be R$ 0.29 per share for the 25,476 shares compensated at the ratio of 9/12, R$ 0.25 per share for the 82,380 shares compensated at the ratio of 8/12 and R$ 0.19 per share for the 8,156 shares compensated at the ratio of 6/12.

Interest on equity capital reported will be assigned to mandatory dividends for 2009.

19. Shareholders' Equity and Dividends (Continued)

(e) Shareholders' remuneration (Continued)

As provided for in Article 9 of Law No. 9249/95, and observing the Long Term Interest Rate – TJLP, interest was recorded as financial expenses deductible for the calculation of income tax and social contribution, generating a tax benefit of R$ 14,841. For corporate purposes, the interest on equity is being disclosed as a debit to retained earnings, under shareholders' equity.

The changes interest on equity is following:

	06/30/2009	03/31/2009
Total in March 31, 2008	145,290	-
Interest on equity	43,651	153,090
Withholding income tax in advance	(1,451)	(7,827)
Payment of interest on equity in 2008 and first quarter of 2009	(143,823)	-
Remaining balance for years 2006 to 2008	-	27
Balance of interest on equity in current liabilities	**43,667**	**145,290**

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

20. Income and Social Contribution Taxes

(a) Income Tax

The amount recorded as income tax expenses in the Quarterly Information is calculated as follows:

	Company	
	06/30/2009	06/30/2008
Income of period before taxes	115,910	180,198
Additions		
Realization of the special monetary adjustment reserve	6,604	3,229
Donations/grants recorded in shareholders' equity	6,925	5,480
Temporary nondeductible provisions	19,865	22,552
Deferred exchange rate variation expenses related to loss on unsettled transactions	9,692	8,451
Equity Result	1,173	747
Other	9,169	146
	53,428	40,605
Deductions		
Nondeductible provisions - write-off of settled lawsuits	1,810	979
Reversal of nondeductible provisions	342	483
Donations/grants recorded in shareholders' equity	2,048	-
Reversion nondeductible expenses – previminas	5,230	-
Deferred exchange rate variation expenses related to loss on unsettled transactions	16,856	6,485
Reversal of unchargeable accounts	10,557	6,103
Other	2	1,365
	36,845	15,415
Tax basis	132,493	205,388
Rate (25%)	33,123	51,347
Deferred Income Tax	(1,153)	(4,238)
Total accrued	**31,970**	**47,109**

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20. Income and Social Contribution Taxes (Continued)

(b) Social contribution

The amount recorded as social contribution expenses in the Quarterly Information is calculated as follows:

	Company	
	06/30/2009	06/30/2008
Income of period before taxes	115,910	180,198
Additions		
Realization of the special monetary restatement reserve	6,604	3,229
Temporary nondeductible provisions	19,863	22,552
Deferred exchange rate variation expenses, related to loss on unsettled transactions	9,692	8,451
Equity Result	1,173	747
Other	17,856	100
	55,188	35,079
Deductions		
Nondeductible provisions - write-off of settled lawsuits	1,810	979
Reversal of nondeductible provisions	10,899	483
Donations/grants recorded in shareholders' equity	2,048	-
Reversion nondeductible expenses – previminas	5,230	-
Deferred exchange rate variation expenses, related to loss on unsettled transactions	16,856	6,485
Other	2	6,107
	36,845	14,054
Tax basis	134,253	201,223
Rate (9%)	12,083	18,110
Deferred Social Contribution	(940)	(1,526)
Total accrued	**11,143**	**16,584**

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20. Income and Social Contribution Taxes (Continued)

(c) Deferred income and social contribution taxes

In compliance with Executive Act No. 2,158/99, since 2003 the Company determines the exchange variation for tax purposes on a cash basis. In light of the above, the excess of exchange variation recorded on an accrual basis accumulates a balance, as of June 30, 2009, of R$25,497 related to credits arising from deferred exchange gains. The Company accrues in long-term liabilities income tax at the rate of 25% and social contribution tax at the rate of 9% of said balance.

As of June 30, 2009, the Company has also tax credits of income tax, accrued at the rate of 25%, and social contribution at the rate of 9%, as follows:

	Company			
	Assets		Liabilities	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Basis accrual				
1.Income from deferred exchange variation related to gains on unsettled transactions	-	-	23,072	45,527
2. Allowance for doubtful account	32,227	23,878	-	-
3. Reserves for contingencies	31,726	41,897	-	-
4. Tax provision – IPI premium-credit	69,656	66,175	-	-
5. Tax provision - PASEP/COFINS	44,902	41,525	-	-
6. Provision for loss – investments	959	-	-	-
7. Provision for loss - inventory	2,671	-	-	-
8. Other	3,087	-	2,425	
Total	185,228	173,475	25,497	45,527
Deferred income and social contribution taxes:				
On debits				
Income tax (25,497 x 25%)	-	-	6,374	11,382
Social contribution tax (25,497 x 9%)	-	-	2,295	4,097
On credits				
Income tax (185,228 x 25%)	46,307	43,369	-	-
Social contribution tax (185,228 x 9%)	16,671	15,613	-	-
Total	**62,978**	**58,982**	**8,669**	**15,479**
Short term	**1,320**	**-**	**-**	**1,320**
Long term	**61,658**	**58,982**	**8,669**	**16,147**

20. Income and Social Contribution Taxes (Continued)

(c) Deferred income and social contribution taxes (Continued)

In meetings on March 26 and 27, 2009, a technical study was approval of the Supervisory Board and the Board of Directors, respectively, prepared by the Finance Board and Investor Relations. This study addresses the projection of future profitability adjusted to present value, which demonstrates the ability to have the Company's deferred tax assets realized over a maximum 10-year period, as defined in CVM Instruction No. 371.

According to the aforementioned technical study, the future taxable income allows realization of deferred tax assets existing at June 30, 2009, as estimated below:

	Parent Company
Years	Expected Realization - Company
2009	1,320
2010	15,549
2011	19,011
2012	5,835
2013	9,101
2014 to 2018	12,162
Total	**62,978**

In case relevant events occur that modify these projections, these will be revised on a timely basis.

The realization of tax credits related to reserve for contingencies was allocated to the last years of the projections due to the difficulty in anticipating the outcome of these litigations.

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21. Financial Income, (Expenses)

The change in financial income (expenses) in the second quarter ended the 2009 in relation to the second quarter ended the 2008 year as follows:

	Company		
Description	**01/01/2009 to 06/30/2009**	**01/01/2008 to 06/30/2008**	Variation
Financial income	69,986	64,050	5,936
Income of exchange and monetary variation	23,072	29,049	(5,977)
Income – sub total	93,058	93,099	(41)
Financial expenses	(56,039)	(37,812)	(18,227)
Expenses of exchange and monetary variation	(23,957)	(19,758)	(4,199)
Expenses – sub total	(79,996)	(57,570)	(22,426)
Result	**13,062**	**35,529**	**(22,467)**

22. Provision of Public Water and Sewage Services in Belo Horizonte

On November 13, 2002, the State and the Municipality signed a cooperation agreement to ensure that the Company will continue to provide water supply and sanitary sewage services in Belo Horizonte for another 30 years.

On April 30, 2004, the First Amendment to this agreement was signed. The main items of the cooperation agreement, consolidated by the amendment, are as follows:

1) All water and sanitary sewage piping own by the Municipality, existing on May 23, 2000, was transferred, upon sale, to the Company's assets after they have been duly evaluated, upon payment by means of the Municipality's ownership interest in the Company's capital, according to the provisions of Municipal Law No. 8,754, of January 2004, 16. The purchase of said assets was approved in the Extraordinary Shareholders' Meeting held on April 30, 2004 and was performed in the amount of R$280,220, according to an appraisal report prepared by a specialized company.

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22. Provision of Public Water and Sewage Services in Belo Horizonte (ontinued)

2) After the end of the term of this agreement the assets sold to the Company and merged into its assets will be reversed to the Municipality's assets upon repurchase after valuation at that time.

3) The assets arising from investments performed by the Company, beginning May 24, 2000, through the end of the effective period of this agreement, will also be merged into the Municipality's assets and reimbursed to the Company after valuation at that time.

4) The Municipality declared and recognized the debt under its responsibility in the total amount of R$70,662, related to November 30, 2002, corresponding to invoices of the water and sewage services issued through November 2002, still pending payment. This debt will be paid in 335 monthly, consecutive installments, each equivalent to 202,838.77m³ of water, beginning January 2005. The amount of each installment in local currency will be calculated by multiplying the volume to be settled by the average tariff billed per m³ in Belo Horizonte, plus simple interest of 0.5% per month, beginning November 2002. In June 30, 2009 the total amount to receivable registered were R$ R$ 209,524, R$ 8,980 in current assets and R$ 200,544 in non current assets (R$ 205,302 in March 31, 2009, R$ 8,705 in current assets and R$ 196,597 in non current assets) (note 25).

5) The Company will assume the costs of the DRENURBS (Environmental Rehabilitation and Sanitation Program for Valley Floors and Natural Bed Streams of Belo Horizonte) up to the amount of R$170,000. The Company and the Municipality are negotiating the installment adjustment index and a new date to begin payments, which, according to contract, should have begun in January 2008, in monthly installments over a 24-year period. However, until the closing date of this report the negotiation was not finished The amounts will be monetarily restated according to the index to be established by the parties before the beginning of payments.

23. Financial Instruments

(a) Fair value of financial instruments

The fair values of the Company's financial instruments are as follows:

	Company	
	06/30/2009	
	Carrying value	Fair value
Assets:		
Temporary cash investments (Note 4)	712,520	714,516
Collateral for financing (Note 11 and 12) and restricted investments (Note 7)	123,713	123,713
Total	836,233	838,229
Liabilities:		
Loans and financing (Note 11)	1,110,415	1,236,821
Non convertible debentures (Note 12)	564,084	585,505
Convertible debentures (Note 12)	138,557	141,966
Total	1,813,056	1,964,292

The market values of liabilities are calculated through the projection of the balance due as adjusted by the contractually established rate over the months remaining to pay. The amount identified retroacts to the current period using the market rates indicated below:

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23. Financial Instruments (Continued)

(a) Fair value of financial instruments (Continued)

	Contractual rate	Period (months)	Market rate	Notes
CEF/FGTS	10.17%	222	7.50%	Federal Savings and Loans Bank (CEF) rate at Jun/09
State Government/BDMG	7.94%	69	7.50%	Same rate once there is no similar tax
Brazilian Treasury	5.38%	55	7.50%	Same as CEF rate as there is no similar tax
BNDES/BNE	7.77%	120	7.52%	National Bank for Economic and Social Development (BNDES) rate at Jun/09
Banco do Brasil (Bank of Brazil)	4.77%	6	7.50%	Same as CEF rate as there is no similar tax
União Federal (Federal Union)	5.18%	186	7.50%	Same as CEF rate as there is no similar tax
Debentures	9.08%	61	7.52%	BNDES rate at Jun/09
Debentures – shares	8.55%	60	7.52%	BNDES rate at Jun/09

As of June 30, 2009, the Company's indebtedness was subject to the following:

Index	Related indebtedness (%)
TR	48.0
IGP-M	1.5
US dollar	4,1
TJLP	46,4

The Company does not have swap contracts for indexes, interest and/or indicators, or any other financial instruments that may be classified as derivatives.

23. Financial Instruments (Continued)

(b) Concentration of credit risk

A significant portion of sales is distributed among a large number of customers. In the case of these customers, the credit risk is minimal due to the large portfolio and the control procedures, which monitor this risk.

Doubtful accounts are adequately covered by an allowance for possible losses on their realization.

(c) Foreign currency

Transactions in foreign currency consist of loans financings for specific work to improve and expand water supply and sewage collection and treatment systems. The Company does not hedge exchange risks.

The Company’s exposure in foreign currency, represented by its US dollar-denominated debt, amounts to R$ 74,318 as of June 30, 2009 (R$ 93,570 in March 31, 2009), approximately 4,1% of its total debt (approximately 5.3% in March 31, 2009). As of June 30, 2009, the Company maintains collateral of R$25,333 (R$ 35,153 in March 31, 2009) as guarantee of part of foreign currency-denominated financing (Note 11).

(d) Interest rate risk

The Company is exposed to the elevation of the international interest rates, with the impact to loans and financings in foreign currency with floating interest rates (mostly referred to the contracts linked to the Federal Union – Bonds).

23. Financial Instruments (Continued)

(d) Interest rate risk (Continued)

The increase of national interest rates was partially reduced, due to the indexation of the assets to the interest rates as follows:

	Company	
Company's exposure to national interest taxes	06/30/2009	03/31/2009
Assets:		
Investments (Note 4)	712,520	783,735
Liabilities:		
Loans and financing and debentures (notes 11 and 12)	1,738,738	1,681,314
Obligations than assets	**1,026,218**	**897,579**

(e) Sensitivity Analysis

- Credit concentration risk

The Company's financial instruments that are exposed to credit concentration risk are represented by loans indexed to the exchange rate in the amount of R$ 74,318, which risk in an unexpected significant US dollar appreciation will be at levels compatible with its existing financial resources, as mentioned in Note 4.

- Fair market value

At June 30, 2009, the Company has R$ 712,520 invested in Bank Deposit Certificates - CDBs. For these investments, fair value tests were performed, resulting in an immaterial difference.

- Nonderivative financial instruments

At June 30, 2009 and March 31, 2009 the Company has only nonderivative financial instruments, duly recognized in the financial statements, such as: Cash and cash equivalents (Note 4), Marketable securities (Note 4), Loans and financing (Note 11) and Debentures (Note 12).

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24. Commitments

COPASA signed agreements to build new systems whereby liabilities are recorded as services are provided. Following are the main agreements with contractors (unaudited):

Contractor	Amount	Signature Date	Term in days (1)
Comim Construtora Ltda.	118,956	11/25/2008	720
Consorcio ICOMON-ACCIONA ÁGUA	64,802	03/02/2009	365
Mendes Junior Trading s.a.	54,837	03/31/2009	300
Saint Gobain Canalização Ltda.	49,570	12/18/2008	365
Construtora EMCCAMP Ltda.	41,330	12/30/2008	540
Comim Construtora Ltda.	40,951	11/28/2008	720
Mecanorte Constr.Empreendimentos Lt.	38,710	05/22/2009	540
Mecanorte Constr.Empreendimentos Lt.	37,033	05/08/2009	540
SONEL Soc. Nacional Eletric. Hidr. Ltda.	30,851	12/29/2008	720
Construtora R Fonseca	22,731	06/30/2009	1.080
Perfil Engenharia	20,725	06/30/2009	540

(1) Counted from the date established in the first service order.

Upon renewal or revision of certain concession agreements, the Company assumed commitments to financially participate in works related to sanitary sewage services and to valley floor treatment, to be performed by the municipal governments. Of the executed work, those pertaining to public places (sewerage of streamlets, sanitation avenues) are treated as intangible assets, under the title concession right, and amortized over the concession period. The sewage interceptors are incorporated into the Company’s fixed assets.

24. Commitments (Continued)

The main amounts refer to the following municipalities:

	Amount		
Municipalities	Committed	Amount Realized	% Realization
Betim	80,286	73,521	91,57
Belo Horizonte (note 22)	170,000	-	-
Contagem	81,363	66,189	81,35
Montes Claros	121,941	55,873	45,82
Ribeirão das Neves	86,411	70,319	81,38
Teófilo Otoni	54,360	-	-

25. Related-Party Transactions

In addition to the balance payable to CEMIG, as mentioned in Note 18, and the technical cooperation agreements, in Note 16, the other transactions with related parties are basically those conducted with the State of Minas Gerais and the Municipality of Belo Horizonte. The most significant balances and transactions are as follows:

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25. Related-Party Transactions (Continued)

	Company				
	06/30/2009				
	Subsidiaries			Other	
	Águas Minerais	Copanor	Serviços Irrigação	Estado MG	PBH
Assets					
Current					
Trade account receivables					
- billed amounts	-	-	-	9,817	3,983
- unbilled amounts	-	-	-	-	8,980
- agreements (note 16)				4,426	-
- non current assets for sale				3,860	-
Noncurrent					
Long-term assets					
Trade accounts receivable – unbilled amounts	-	-	-	-	200,544
- Loans	20,083	7,300	1,887	-	-
Investments	11,106	1	1	-	-
TOTAL ASSETS	**31,189**	**7,301**	**1,888**	**18,103**	**213,507**
Liabilities					
Current					
Interest on equity	-	-	-	23,252	-
Advance for future capital increase	-	-	-	-	8,797
Other payables					
- Municipal governments - tariff pass-throughs	-	-	-	-	4,658
TOTAL LIABILITIES	**-**	**-**	**-**	**23,252**	**13,455**
	2o Quarter ended June 30,2009				
Transactions					
Income from water supply and sewage services	-	-	-	19,331	6,712
Cost of services	-	-	-	-	(14,367)
Financial income - interest	-	-	-	-	3,768
Income from monetary variations	460	218	41	-	2,686

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25. Related-Party Transactions (Continued)

	Company				
	03/31/2009				
	Subsidiaries			Other	
	Águas Minerais	Copanor	SUDECAP	Estado MG	PBH
Assets					
Current					
Trade account receivables					
- billed amounts	-	-	-	8,138	2,865
- unbilled amounts	-	-	-	-	8,705
Noncurrent					
Long-term assets					
Trade accounts receivable – unbilled amounts	-	-	-	-	196,597
Loans	17,505	5,603	1,961	-	-
Investments	9,654	1	161	-	-
TOTAL ASSETS	**27,159**	**5,604**	**2,122**	**8,138**	**208,167**
Liabilities					
Current					
Interest on equity	-	-	-	81,598	-
Advance for future capital increase	-	-	-	-	8,797
Other payables					
Municipal governments - tariff pass-throughs	-	-	-	-	3,614
Agreements (Note 16)	-	-	-	10,079	-
TOTAL LIABILITIES	**-**	**-**	**-**	**91,677**	**12,411**
	2o. Quarter ended of 06/30/2008				
Transactions					
Income from water supply and sewage services	-	-	-	22,127	6,499
Cost of services	-	-	-	-	(13,273)
Financial income - interest	-	-	-	-	5,927
Income from monetary variations	115	24	17	-	21,542

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25. Related-Party Transactions (Continued)

Balances and transactions with related parties are conducted under prices and conditions considered by Management as compatible with those prevailing in the market, except concerning the form of financial settlement, which may occur through special negotiations (offset of accounts), as provided for and commented in notes 22.

Compensation paid to Company directors in second quarter ended then June 30, 2009 was in the amount to R$ 690 (R$ 668 in second quarter of 2008).

At the meeting held on May 29, 2009, the Board of Directors authorized the disposal of the Company's assets, fixed and intangible assets, existing on April 30, 2009 in the systems operated by COPASA MG of concessions that will be transferred to the subsidiary COPANOR, with a proposed sale at the amount valued in accordance with the discounted cash flow, totaling R$ 39,929, to be paid by the Government of Minas Gerais State, through the subsidiary Copasa Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A - COPANOR. Payment will take place as the corresponding dissolutions of concession contracts to be executed between COPASA MG and the cities are formalized. The residual book value of all assets to be transferred amounts to R$14,726, on April 30, 2009. However, the Company recorded until June 30, 2009 only the amount of R$ 3,860 as Other Receivables, in current assets, corresponding to asset value of concessions that had been transferred by then. Assets already recognized for sale no longer generated depreciation and amortization charges.

- Cooperation agreement with the Belo Horizonte municipality

  We signed a cooperation agreement with the Belo Horizonte municipality for the execution of water supplying and sanitation services, as mentioned in Note 22.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

25. Related-Party Transactions - Continued

► Cooperation service agreement with the Belo Horizonte municipality

On February 7, 2006, the Company executed an operational agreement with the municipality of Belo Horizonte for the integration and convergence of planning, control and execution of undertakings of SUDECAP - Superintendência e Desenvolvimento de Capital (the local development agency), and other municipal agencies, and COPASA, for design of projects, performance of services involving the implementation and maintenance of infra-structure for water supply, sanitation, urbanizing, treatment of valley floors, pluvial draining and development of activities of sanitation education. In accordance with § 1º and 2º of clause 2ª in situations previously agreed services under COPASA's responsibility may be executed by SUDECAP, and vice versa. Annually, the parties will offset accounts relating to services completed, and any debit balances determined shall be adjusted and paid within thirty (30) days from the account offset. However, on March 20, 2007, an amendment to the service agreement was made to include a new paragraph in clause 5 under which any debits derived from social programs shall be paid 30 (thirty) days after measurement of the work performed is authorized, rather than an annual basis, at the time accounts are offset. In line with this amendment, the Company made payments to SUDECAP on May 8, 2007, of R$1,257, and on November 9, 2007, of R$1,816, and on March 10, 2008 of R$1,836. These payments refer to works performed by SUDECAP relating to the construction of water pipelines and sanitation in Aglomerado da Serra in the Municipality of Belo Horizonte, which were incorporated into the Company's equity. On November 17, 2008, two account matchings were signed, resulting in the amounts of R$ 51 and R$ 315 received by COPASA. In the second quarter of 2009 there were no amount to be registered.

► Electric Power Supply

COPASA is one of the major consumers of electric power in the State of Minas Gerais, where electricity is supplied primarily by the Minas Gerais electric power utility company CEMIG, controlled by COPASA's controlling shareholder, i.e., the State of Minas Gerais. More than 300 electric power supply agreements were signed, each one for a specific consumer unit, as mentioned in Note 18.

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25. Related-Party Transactions (Continued)

► Financing agreements with BDMG

Varying financing agreements were made with BDMG during the normal course of business.

► Agreements with CODEMIG

As of March 22, 2006, the Company signed an intention protocol for technical cooperation and, as of June 30, 2006, a lease agreement was made to take over the rights related to mineral waters of Araxá, Cambuquira, Caxambu and Lambari, as mentioned in Note 1.

► Agreements with the Brazilian Government guaranteed by the State of Minas Gerais

The following agreements describe the guarantees given by the State of Minas Gerais for agreements between COPASA and the federal government:

Agreement of debt financing and refinancing as of July 11, 1990: as an alternative to pay the debt, the State of Minas Gerais assigned and transferred to the Federal Government credits related to deposits from its shares in the States Participation Fund, up to the limit sufficient to pay monthly installments and other monthly financial charges. As of June 30, 2009, the remaining debt is of R$1,113, as mentioned in Note 11.

Debt acknowledgement and settlement agreement with the Federal Government as of January 20, 1994: in case of default, the Federal Government was authorized by the State of Minas Gerais to: (i) offset any amounts with own revenues and portions of certain taxes collected, in amounts sufficient to settle any past due installments; and (ii) request the transfer of existing balances in the State's revenue centralizing accounts maintained in a certain financial institution, in amounts sufficient to settle any installment in default. As of June 30, 2009, the outstanding balance under these agreements totals R$ 159,064, as mentioned in Note 11.

25. Related-Party Transactions (Continued)

► Agreements with the Brazilian Government guaranteed by the State of Minas Gerais (Continued)

Debt acknowledgement and consolidation agreement with the Federal Government as of August 5, 1998: the State of Minas Gerais assigned and transferred to the Federal Government credits from certain taxes collected, in amounts sufficient to pay installments and charges due on each maturity date. As of June 30, 2009, the outstanding balance of these agreements is R$ 73,205, as mentioned in Note 11.

26. Insurance

The Company has no insurance to cover damage to their buildings and/or facilities at the closing date of the financial statements for the year ended June 30, 2009.

27. ICMS Levy (State VAT)

According to State Decree No. 32.525/91 the Company started contributing to ICMS (State VAT). However, after repeal by Decree Nº 38104/96 and later repeal of the later by Decree Nº. 43080/02, the Company continued to be an ICMS taxpayer under a special regime regarding the supply of piped water. The Company whereby this tax was levied and collected on the supply of piped water from years 1989 to 1991.

In 1991, the Company suspended the tax collection as a result of a preliminary decision on Direct Unconstitutionality Proceeding (ADIN) No. 567-7, which established that this collection needed a particular law to regulate it. In connection with the repeal of Decree Nº 32535/91 in 1996, the aforesaid ADIN was declared impaired by loss of the subject matter.

Also, the State of Minas Gerais became a member of Convention No. 98/89, which authorizes the states and the federal district to grant ICMS exemption on the supply of piped water. While the Company became a member of Convention, the matter is controversial since the current ICMS Regulation of the State of Minas Gerais (Decreee Nº. 43080/02) did not accept the aforesaid Convention.

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27. ICMS Levy (State VAT) (Continued)

Additionaly, this issue has been clearly provided for by a Supreme Court decision awarded on Direct Unconstitutionality Proceeding No. 2224, filed on June 12, 2000, wich headnote whereby the supply of treated water to final consumers is an essential public service, by express constitutional determination. However, as the merits of the action have not adjudged, and although there are pronouncements from the STF (Supreme Court) and the STJ (Supreme Court of Justice), and repeated understanding of the state law that there would be no impact of the ICMS (State VAT) on the supply of drinking water by companies that provide this public service. On a delinquent ICMS collection proceeding filed by the State of Minas Gerais against COPASA, the latter prevailed in the Federal Supreme Court, whose final decision at such level was handed down through Appeal to the Supreme Court Nº 450.460-0, published in the Federal Justice Gazette on April 9, 2007, and so far there is no definitive understanding of the Judiciary. Also, no decision has been handed down by the State Executive Branch on the criteria for ICMS calculation and required collection. Due to the suspension of the tax collection, the amount of the referred to tax is not currently included in the calculation of tariffs of the Company, and it is not being charged either from customers or passed on to the State Government. Furthermore, there is no tax deficiency notice from the state tax authorities that would render the establishment of a provision for this tax justifiable.

28. Tariff adjustment

On May 14, 2009 the Court of Justice of the State of Minas Gerais confirmed the advanced relief (preliminary injunction) previously granted, in the understanding that no tariff adjustment is allowed in 2009 while the Minas Gerais State sanitation regulator is not created. Accordingly, the action will be passed on to the trial court for judgment on merits and, as a preliminary injunction is involved, the Company will file an appeal with the Higher Court of Justice against the decision.

29. Subsequent Events

On July 17, 2009, the Legislative Assembly of the State of Minas Gerais approved the Law regarding the creation of the Water and Sewage Service Regulatory Agency (–ARSAE) and and submitted it for the approval of the State Governor.

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06.01 – NOTES (in thousands of Brazilian reais – R$, unless otherwise stated) - Continued

EXECUTIVE BOARD

MÁRCIO AUGUSTO VASCONCELOS NUNES	Chief Executive Officer
LUIZ OTÁVIO MOTA VALADARES	Vice Chief Executive Officer
CARLOS GONÇALVES DE OLIVEIRA SOBRINHO	Technical and Environment Officer
DIEGO LEONARDO DE ANDRADE CARVALHO	Southwest Operations
GELTON PALMIERI ABUD	Corporate Management Officer
JUAREZ AMORIM	Metropolitan Operations Officer
MARCIO LUIZ MURTA KANGUSSU	North Operations Officer
MARCOS ANTÔNIO TEIXEIRA	Planning and Venture Management Officer
RICARDO AUGUSTO SIMÕES CAMPOS	Finance Director and Investor Relations Officer

ACCOUNTANT IN CHARGE

GERALDO MAGELA MOREIRA CALÇADO	Accountant - CRCMG - 36.109

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

1- General Service Data

Copasa performance in the second quarter of 2009 (2Q09) shows that the Company continues to produce excellent results, significantly contributing to the improvement in the quality of life, environmental conditions and social-economic development of the Minas Gerais state. The population serviced by the water supply increased by 336 thousand individuals, with 12.5 million inhabitants connected to the distribution network, compared to 12.2 million in 2Q08. The number of municipalities to which water supply services are provided rose from 598 in June 2008 to 602 in June 2009.

COPASA MG

General Water Supply Service Data
2nd quarter of 2009 and 2008

Items	Units	2Q09	2Q08	Variation	
				Amount	%
Municipalities with concession (1)	number	611	611	0	0,0
Municipalities with operations (2)	number	602	598	4	0,7
Serviced population	thousand inhabitants	12.554	12.218	336	2,8
Service to the state population (3)	%	63,4	63,1	0,3	0,5
Billed connections	thousand connections	3.314	3.232	82	2,5
Network extent	km	40.894	40.266	628	1,6
Volume of billed water	1,000 m³/quarter	146.921	146.637	283	0,2
Volume of produced water	1,000 m³/quarter	212.008	211.641	367	0,2

(1) - Total municipalities where the Company maintains concessions: offices, villages, settlements or other
(2) - Total municipalities where the Company maintains operations: offices, villages, settlements or other
(3) - Population serviced in relation to total state population (urban + rural)

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

The number of connections billed by the Company increased by 82 thousand, totaling 3.31 million connections and representing a 2.5% increase in relation to 2Q08. The water distribution system grew 628 km, totaling 40,894 km, 1.6% more than 2Q08 (40,266 km).

In relation with the sanitary sewage systems, the expansion was greater, as a result of the intensified efforts to increase the coverage of such services. The number of serviced municipalities increased 26.1%, from 115 in June 2008 to 145 in 2Q09, meaning a total population of 7.1 million connected to the sewage system (6.4 million in 2Q08), representing an increase of 11.0% (705 thousand individuals). In relation to the total state population, the service increased from 33.0% to 36.0% in the period.

COPASA MG
General Sanitary Sewage Service Data
2nd quarter of 2009 and 2009

Items	Units	2Q09	2Q08	Variation	
				Amount	%
Municipalities with concession (1)	number	194	189	5	2,6
Municipalities with operations (2)	number	145	115	30	26,1
Serviced population	thousand inhabitants	7.107	6.402	705	11,0
Service to the state population (3)	%	36,0	33,0	3,0	9,1
Billed connections	housand connections	1.767	1.564	203	13,0
Network extent	km	15.039	14.056	983	7,0
Volume of billed sewage	1,000 m³/quarter	87.049	81.015	6.034	7,4
Volume of treated sewage	1,000 m³/quarter	30.484	28.358	2.126	7,5

(1) - Total municipalities where the company maintains concessions: offices, villages, settlements or other
(2) - Total municipalities where the company maintains operations: offices, villages, settlements or other
(3) - Population serviced in relation to total state population (urban + rural)

Such services are provided by means of 1.77 million billed sewage connections (1.56 million in 2Q08), representing an increase of 203 thousand connections (13.0%). The sewage collection system grew by 983 km, totaling 15,039 km, 7.0% more than 2Q08.

The treated sewage volume reached 30.5 million m³ in the quarter, an increase of 7.5% compared to the same prior-year period, mainly due to beginning of operation of new Sewage Treatment Stations (ETEs) in several cities, such as Coronel Murta, Jaíba and São João do Paraíso.

2 – Performance Indicators

The Company growth in the period increased the volume of billed water by 6.1 million m³ in relation to 2Q08. The increase in the number of people serviced by water supply and sanitary sewage systems in the locations in which such systems were already operating and the beginning of billing in new locations contributed to such result. In the second quarter of 2009, water supply system billing began in the city of Grupiara and sewage system billing began in Rio Casca.
In relation to the performance indicators, we highlight employee productivity, measured by the employee/1000 connection ratio (water + sewage), which went from 2.31 employees/1000 connections in 2Q08 to 2.22 in 2Q09, particularly due to rise in the number of connections.

Operating/Commercial Performance Indicators

2nd quarter of 2009 and 2008

Items	Units	2Q09	2Q08	Variation	
				Amount	%
1-Employees	nº	11.273	11.069	204	1,8
2-Employees/connections (A+E)	np/1,000 connectior	2,22	2,31	-0,09	-3,8
3-Volume billed					
Water	1,000 m³/quarter	146.921	146.637	284	0,2
Sewage	1,000 m³/quarter	86.817	81.015	5.802	7,2
Total	1,000 m³/quarter	233.738	227.652	6.086	2,7
4-Volume of water produced	1.000 m³/trimestre	212.008	211.641	367	0,2
5-Hydrometric rate	%	99,76	99,31	0,45	0,5
6-Water not converted into revenue - ANCR	l/ligação/dia	246,3	251,3	-5,00	-2,0

(1) - Average in the past 12 months

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

The percentage of hydrometric readings remained high, reaching 99.76% in June 2009, more than 2Q08 (99.31%). Such rate is one of the highest among sewage companies, which means that of a total 3.31 million water connections, only 7.8 thousand still do not have installed hydrometers.

Another highlight is the indicator “Water not Converted into Revenue” - ANCR, which represents the difference between the distributed volume and the volume effectively billed to consumers, reaching 246.3 l/connection/day in 2Q09, or a 2.0% reduction in relation to 2Q08 (251.3). Studies have shown that such indicator, which basically includes actual water losses resulting from pipe ruptures, thefts and imprecise measurements, is one of the lowest among Brazilian sanitation companies.

This performance is a result of the Water Waste Prevention and Reduction Program (PRPA), implemented in 2003 and undergoing constant development, based on the concepts of the National Water Waste Prevention Program (PNCDA) and of the International Water Association – IWA.

3- Investments in 2Q09

In 2Q09 investments were directed mostly to interconnection of the Das Velhas and Paraobeba river basins (Blue Line), to expansion and improvement of the Rio das Velhas Production System, which is part of the Integrated System of the Belo Horizonte Metropolitan Region, to implementation of the Sanitary Sewage Systems of Contagem and Montes Claros, to implementation of the Water Supply Line Interconnection in the Northeast of Belo Horizonte Metropolitan Region, to implementation of Sanitary Sewage Treatment Station - ETE Central in Betim, to implementation of the Sanitary Sewage System in Curvelo, to expansion of the Sanitary Sewage System in Ribeirão das Neves, and to construction works for secondary treatment of the Sanitary Sewage Treatment Station of Ribeirão do Onça – ETE Onça .

INVESTMENTS (IN R$ MILLION)	2008	2Q09	2Q08
WATER	397,0	118,0	114,2
SEWAGE	382,9	108,9	131,3
OTHER	25,1	3,5	3,0
TOTAL	**805,0**	**230,4**	**248,5**

4 – Financial performance

The analysis of the tables set out below will allow following up the result of Copasa's operations in 2Q09 in relation to the same prior-year period:

Company

2nd quarter	2009		2008		Variation	
Statement of income for the quarter		%		%	R$	%
Revenue from water supply services	442,657		428,317		14,340	3.35
Revenue from sewage services	155,675		139,747		15,928	11.40
Gross operating revenue	**598,332**		**568,064**		**30,268**	**5.33**
Deductions from gross operating revenue	(62,231)		(56,741)		(5,490)	9.68
Net operating revenue	**536,101**	**100.00**	**511,323**	**100.00**	**24,778**	**4.85**
Cost of services	(265,671)	-49.56	(240,055)	-46.95	(25,616)	10.67
Gross profit	**270,430**	**50.44**	**271,268**	**53.05**	**(838)**	**-0.31**
Commercial expenses	(42,426)	-7.91	(45,373)	-8.87	2,947	-6.50
Administrative expenses	(77,112)	-14.38	(74,580)	-14.59	(2,532)	3.40
Other operating income/expenses	2,730	0.51	(2,342)	-0.46	5,072	n.m.
Equity losses	(4,998)	-0.93	(746)	-0.00	(4,252)	n.m.
Financial income/expenses, net	10,937	2.04	31,971	6.25	(21,034)	-65.79
Interest on equity capital	(43,651)	-8.14	-	-	(43,651)	n.m.
Income before income and social contribution taxes	**115,910**	**21.62**	**180,198**	**35.24**	**(64,288)**	**-35.68**
Income and social contribution taxes	(43,113)	-8.04	(63,693)	-12.46	20,580	-32.31
Employee profit sharing	(8,280)	-1.54	-	-	(8,280)	n.m.
Reversal of interest on equity capital	43,651	8.14	-	-	43,651	n.m.
Net income for the period	**108,168**	**20.18**	**116,505**	**22.79**	**(8,337)**	**-7.16**

- **Gross operating revenue** – Gross operating revenue increased R$30,268 thousand, or 5.33%, reaching R$598,332 thousand in 2Q09, against R$568,064 thousand in the same prior-year period. Of such increase, R$14,340 thousand refers to water supply services and R$15,928 thousand to sanitary sewage services.

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

The table below shows the changes in gross operating revenue arising from water supply and sanitary sewage services, in the indicated periods:

Company

2nd quarter	2009		2008		Variation	
		%		%		%
Gross operating revenue						
Water supply services	442,657	73.98	428,317	75.4	14,340	3.35
Sanitary sewage services	155,675	26.02	139,747	24.6	15,928	11.40
Total	**598,332**	**100.00**	**568,064**	**100.**	**30,268**	**5.33**

Major variations and causes:

- **Water supply** – Revenue from water supply increased 3.35% arriving at R$442.657 thousand in 2Q09, against R$428,317 thousand in the same prior-year period. Billed consumption in the period increased 284,054 m^3, from 146,635,835m^3 in 2Q08 to 146,919,889m^3 in 2Q09.

- **Sanitary sewage** – Revenue from sanitary sewage services increased 11.40%, reaching R$155,675 thousand in 2Q09, against R$139,747 thousand in 2Q08. Billed consumption in the period increased 6,033,760m^3, from 81,015,302m^3 in 2Q08 to 87,049,062m^3 in 2Q09.

- **Deductions from gross operating revenue** – These increased by R$5,490 thousand, or 9.68%, reaching R$62,231 thousand in 2Q09, against R$56,741 thousand in the same prior-year period. The increase was due to rise in payment of PIS/PASEP and COFINS, resulting directly from increase in gross operating revenue, which is the basis of assessment for the mentioned taxes.

Unconditional discounts are discounts granted to major customers, and not-for-profit, philanthropic entities. The variation between 2Q09 and 2Q08, of R$7,587 thousand, against R$4,623 thousand, was caused by the fact that the commercial interface had generated incorrect entries in 2008, thereby misstating the balances of the unconditional discounts account, in the revenue group, and unbilled services account, in current assets. Related adjustments to the Company's accounts receivable will be made in 3Q09, when the commercial and technology areas will have concluded the commercial interface adjustments.

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

The table below shows the deductions from gross operating revenue, indicating PIS/PASEP and COFINS for the respective periods:

Company

2nd quarter	2009	%	2008	%	Variation	%
Deductions from gross operating revenue						
PIS/PASEP	9,747	15.66	9,297	16.38	450	4.84
COFINS	44,897	72.15	42,821	75.47	2,076	4.85
Unconditional discounts	7,587	12.19	4,623	8.15	2,964	64.11
Total	**62,231**	**100.00**	**56,741**	**100.00**	**5,490**	**9.68**

- **Net operating revenue** – Net operating revenue totaled R$536,101 thousand in 2Q09, against R$511,323 thousand in 2Q08, increasing by 4.85%.

- **Operating costs and expenses** – As part of the Company's strategic policy, an annual expense budget is prepared, and the realizations are closely monitored. As such, operating expenses may be evaluated and equated throughout the year, as shown below:

  Cost of services – Cost of services, which includes expenses with operation, maintenance and upkeep of water and sanitary sewage systems, increased R$25,616 thousand, or 10.67% in 2Q09, in comparison with the same period of 2008, as follows:

Company

2nd quarter	2009	2008	Variation	%
Cost of services	**265,671**	**240,055**	**25,616**	**10.67**
Personnel	97,020	85,670	11,350	13.25
Material	22,545	18,574	3,971	21.38
Electric energy	52,206	50,679	1,527	3.01
Third-party services	30,513	25,126	5,387	21.44
Tariff transfer to municipalities	14,734	13,806	928	6.72
General expenses	2,993	2,415	578	23.93
Depreciation and amortization	57,196	53,967	3,229	5.98
Credit recovery *(PIS-PASEP/COFINS)*	(11,536)	(10,182)	(1,354)	13.30

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07.01 - COMMENTS ON COMPANY PERFORMANCE IN THE QUARTER

Major variations and causes:

- **Personnel** – Increase in expenses with personnel of R$11,350 thousand, equivalent to 13.25%, is primarily due to a 5.9% salary adjustment, in May 2009, corresponding to the INPC (National Consumer Price Index), an increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Regular hourly wage	38,199,191	35,794,320	2,404,871	6.72
Overtime hourly wage	3,454,835	2,910,825	544,010	18.69
Bonus according to position	473,753	349,688	124,065	35.48
Vacation pay	9,186,954	5,452,465	3,734,489	68.49
13th monthly salary	4,473,981	4,120,406	353,575	8.58
Health exposure premium	980,868	828,994	151,874	18.32
Sickness benefit supplementation	868	1,930	(1,062)	-55.03
Corporate performance bonus - GDI	5,045,305	4,229,814	815,491	19.28
Social security	15,853,309	12,328,700	3,524,609	28.59
Employee Dismissal Indemnity Fund - FGTS	5,406,780	4,173,011	1,233,769	29.57
Workers' Compensation Insurance	1,363,701	1,314,698	49,003	3.73
Severance pay and 30-day resignation notice	146,821	413,086	(266,265)	-64.46
Professional education	68	2,944	(2,876)	-97.69
Subsidized snack	246,025	209,629	36,396	17.36
Subsidized transportation ticket	1,476,667	1,433,318	43,349	3.02
Supplementary programs - COPASS	1,303,761	1,123,327	180,434	16.06
Health program	2,396,999	3,774,014	(1,377,015)	-36.49
Workers' Meal Program	12,583,160	10,715,851	1,867,309	17.43
Social security and health program	3,783,930	2,704,008	1,079,922	39.94
Other welfare programs	79,441	74,606	4,835	6.48
Management performance bonus - GDG	238,951	199,243	39,708	19.93
Operational tech. professional education.	15,501	-	15,501	100.00
Postgraduate professional education	2	-	2	100.00
Professional education - seminars/congresses	1,223	-	1,223	100.00
Expansion costs	(6,984,006)	(5,215,649)	(1,768,357)	33.90
DVHM cost	(136,502)	-	(136,502)	n.m..
Natural increase - own labor	(2,570,807)	(1,269,015)	(1,301,792)	n.m.
*** Personnel expenses**	**97,020,779**	**85,670,213**	**11,350,566**	**13.25**

Major variations to be highlighted are in the Workers' Meal Program, adjusted in May 2009 by 5.83% on the 11.8% adjustment effective July 2008, and in the social security and health program relating to the salary increase, adjusted by 20.84% in November 2008, leading to an average impact of 29% in the employer contribution.

- **Material** – Expenses with materials increased R$3,971 thousand, or 21.38%, in 2Q09 when compared to same prior-year period. The major changes were of R$1,525 thousand with systems upkeep and maintenance materials, and of R$2,052 thousand in treatment material, due to the relative increase in product consumption in 2Q09 in relation to 2Q08, and to ±10% increase in the price of the chlorinated ferrous sulfate, the most significant consumption material in water treatment.

- **Electric energy** – The variation of R$1,527 thousand, or 3.01%, in 2Q09 in relation to the prior year reflects provision adjustments made in the period between January and March 2009.

- **Third-party services** – Expenses with third-party services increased R$5,387 thousand, or 21.44%. Major variations in the period are R$2,335 thousand in maintenance and upkeep services on water and sewage service systems, and R$1,472 thousand in surveillance, courier and reception desk services, due to new hires for the new systems assumed as well as contracting of new service providers, which, in certain regions, caused such costs to be increased.

- **Tariff transfer** – The increase of 6.72%, or R$928 thousand, observed in 2Q09 on 2Q08, is a result of the growth in net operating revenue, determined in the municipalities of Belo Horizonte, Divinópolis and Andradas, the concession agreements of which provide for the transfer of 4% of the amounts collected in such locations.

- **Depreciation and amortization** – The increase of R$3,229 thousand, or 5.98%, relates to acquisition of fixed assets and development of new works in 2Q09 in relation to 2Q08.

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- **Commercial expenses –** The Company's commercial system expenses decreased R$2,947 thousand, or 6.50%, in 2Q09 in relation to same prior-year quarter. Such expenses include the following items:

Company

2nd quarter	2009	2008	Variation	
				%
Commercial expenses	**42,426**	**45,373**	**-2,947**	**-6.50**
Personnel	22,657	20,472	2,185	10.67
Material	654	753	(99)	-13.15
Third-party services	4,048	2,959	1,089	36.80
General expenses	192	226	(34)	-15.04
Depreciation and amortization	1,154	2,107	(953)	-45.23
Allowance for doubtful accounts	13,721	18,856	(5,135)	-27.23

Major variations are as follows:

- **Personnel** – Increase in personnel expenses of R$2,185 thousand, equivalent to 10.67%, was a result of the impact of a 5.9% salary adjustment in May 2009, corresponding to the INPC and real increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Wages and salaries/Regular hours	8,489,372	8,234,053	255,319	3.10
Wages and salaries/Overtime	463,823	387,288	76,535	19.76
Bonus according to position	34,632	31,870	2,762	8.67
Vacation pay	2,105,762	1,277,722	828,040	64.81
13th salary	932,239	872,543	59,696	6.84
Health exposure premium	4,557	3,486	1,071	30.72
Sickness benefit supplementation	-	415	(415)	-100.00
Corporate performance bonus - GDI	1,139,488	1,000,673	138,815	13.87
Social security	3,317,906	2,703,147	614,759	22.74
FGTS	1,057,780	910,188	147,592	16.22
Workers' compensation insurance	216,999	253,879	(36,880)	-14.53
Severance pay/30-day resignation notice	12,098	47,633	(35,535)	-74.60
Professional education	-	473	(473)	-100.00
Subsidized snack	190,856	160,265	30,591	19.09
Subsidized transportation ticket	296,478	310,630	(14,152)	-4.56
Supplementary programs - COPASS	276,540	250,837	25,703	10.25
Health insurance	542,119	949,282	(407,163)	-42.89
Workers' meal program	2,845,424	2,524,429	320,995	12.72
Social security and health program	671,630	495,355	176,275	35.59
Other welfare programs	39,990	37,450	2,540	6.78
Management performance bonus - GDG	18,387	20,281	(1,894)	-9.34
Operating tech. professional education	965	-	965	n.m.
*** Personnel expenses**	**22,657,045**	**20,471,899**	**2,185,146**	**10.67**

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- **Third-party services** – Expenses with third-party services varied 36.80%, corresponding to R$1,089 thousand, mainly relating to communication services of R$372 thousand, mailing and delivery of bills, telephone bills of R$292 thousand, and R$281 thousand referring to surveillance, courier and reception desk services, due to new hires for business units of the new systems assumed.

- **Allowance for doubtful accounts - ADA** – The decrease of R$5,135 thousand, or 27.23%, is due to the January-June 2008 adjustment, made in June 2008, referring to undue write-off of invoices receivable in amounts higher than R$30 thousand, overdue for more than 360 days, and that are not the subject of court debt collection.

- **Administrative expenses** – Expenses with the Company management structure, which includes the Board of Directors and Supervisory Board, executive board and related supervisory officers, increased R$2,532 thousand, or 3.4%, as shown below:

Company

2nd quarter	2009	2008	Variation	
				%
Administrative expenses	**77,112**	**74,580**	**2,532**	**3.40**
Personnel	51,226	44,928	6,298	14.02
Material	1,587	1,732	(145)	-8.37
Third-party services	19,614	21,445	(1,831)	-8.54
General expenses	1,866	2,491	(625)	-25.09
Depreciation and amortization	2,819	3,984	(1,165)	-29.24

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Major variations and causes:

- **Personnel** – Increase in expenses with personnel of R$6,298 thousand, equivalent to 14.02%, is primarily due to a 5.9% salary adjustment in May 2009, corresponding to the INPC and a real increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Regular hourly wage	19,677,023	18,252,461	1,424,562	7.80
Overtime hourly wage	211,879	199,837	12,042	6.03
Bonus according to position	853,370	779,285	74,085	9.51
Executive board/board of director fees	490,429	650,847	(160,418)	-24.65
Vacation pays	4,601,258	3,038,887	1,562,371	51.41
13th monthly salary	2,205,543	1,999,679	205,864	10.29
Health exposure premium	27,810	27,091	719	2.65
Sickness benefit supplement	2,465	2,137	328	15.35
Corporate performance bonus - GDI	2,671,402	2,246,251	425,151	18.93
Social security	7,912,128	6,377,902	1,534,226	24.06
FGTS	2,364,497	2,236,753	127,744	5.71
Workers' compensation insurance	522,429	580,488	(58,059)	-10.00
Severance pay/30-day resignation notice	71,285	2,399,635	(2,328,350)	-97.03
Professional education	445,160	245,128	200,032	81.60
Subsidized snack	216,291	265,861	(49,570)	-18.65
Subsidized transportation ticket	606,888	483,700	123,188	25.47
Supplementary programs - COPASS	662,139	562,439	99,700	17.73
Health insurance	3,198,111	1,807,312	1,390,799	76.95
Workers' meal program	2,588,980	2,253,082	335,898	14.91
Social security and health program	2,556,389	1,903,310	653,079	34.31
Other welfare programs	205,293	175,216	30,077	17.17
Refund to employee for purposes of agreement	(1,386,384)	(1,980,396)	594,012	-29.99
Management performance bonus - GDG	487,502	420,864	66,638	15.83
Operating tech. professional education	33,307	-	33,307	n.m.
Professional education - seminars/congresses	557	-	557	n.m.
Management professional education	45	-	45	n.m.
*** Personnel expenses**	**51,225,796**	**44,927,769**	**6,298,027**	**14.02**

- **Third-party services** – Expenses with third-party services decreased R$1,831 thousand, or 8.54%, in 2Q09 in relation to the same prior-year period. This is substantially due to decrease in telephone bills, of R$1,163 thousand, and in surveillance, courier and reception desk services, of R$911 thousand.

- **Depreciation and amortization** – Depreciation and amortization expenses in the administrative area decreased R$1,165 thousand, or 29,24%, in 2Q09 in relation to the same prior-year quarter. The negative variation is due to decrease of R$547 thousand relating to depreciation of vehicles, which were 100% depreciated, and to reversal of depreciation of donated items, of R$386 thousand.

- **Other operating income/expenses and equity loss** – In view of their same nature, the items are being analyzed under one same comment, with description of performance of both operating income and expenses, as shown below:

Company

2nd quarter	2009	2008	Variation	
Other operating income				%
Income from technical services	249	4,196	(3,947)	-94.07
Reversal of nondeductible provision	5,572	483	5,089	n.m.
Recovery of accounts written down	2,573	6,375	(3,802)	-59.64
Other	4,178	2,129	2,049	96.24
Total other operating income	**12,572**	**13,183**	**(611)**	**-4.63**
Other operating expenses				
Adventitious or extraordinary losses	(8,720)	(13,380)	4,660	-34.83
Other	(1,122)	(2,145)	1,023	-47.69
Equity loss - Copanor	(1,780)	(746)	(1,034)	n.m.
Equity loss - Águas Minerais	(2,949)	-	(2,949)	n.m.
Equity loss - Copasa Serv. Irrigação	(269)	-	(269)	n.m.
Total other operating expenses	**(14,840)**	**(16,271)**	**1,431**	**-8.79**
Other operating income (expenses)	**(2,268)**	**(3,088)**	**820**	**-26.55**

Variations and causes:

- **Other operating income** – The variation of R$611 thousand, or 4.63%, in this group of accounts is particularly due to reversal of actuarial liabilities of R$5,230 thousand in 2Q09, and to increase of R$2,048 thousand referring to recognition of part of the grant for works relating to the Water Basin Depollution Program (PRODES/ANA), offset against the decrease of R$3,947 thousand relating to income from professional technical services, and of R$3,802 thousand in recovery of accounts written down.

- **Other operating expenses** – The decrease of R$1,431 thousand, or 8.79%, in other operating expenses is primarily due to reduction in provisions for litigation, of R$2,013 thousand, in adventitious losses, of R$2,103 thousand, and in cooperative technical assistance, of R$913 thousand, offset against absorption of equity loss in the subsidiaries Copasa Águas Minerais de Minas S/A, of R$2,949 thousand, Copanor, of R$1,034 thousand, and Copasa Serviços de Irrigação, of R$269 thousand.

- **Financial income and expenses** – These reflect the results from short-term investments, amounts receivable, loans, financing operations and debentures. The analysis of the variations is made based on net result from financial income and expenses of the same nature, as follows:

	Company			
2nd quarter	**2009**	**2008**	**Variation %**	
Financial income				
Monetary and exchange variations	17,329	24,463	(7,134)	-29.16
Interest	9,567	7,643	1,924	25.17
Yield from short-term investments	19,372	23,433	(4,061)	-17.33
Other	1	4	(3)	-75.00
Total financial income	**46,269**	**55,543**	**(9,274)**	**-16.70**
Financial expenses				
Monetary and exchange variations	(11,033)	(5,024)	(6,009)	n.m.
Interest on financing operations	(22,883)	(14,987)	(7,896)	52.69
Other	(1,416)	(3,561)	2,145	-60.24
Total financial expenses	**(35,332)**	**(23,572)**	**(11,760)**	**49.89**
Financial income (expenses)	**10,937**	**31,971**	**(21,034)**	**-65.79**

Major variations and causes:

- **Monetary and exchange variations –** Monetary and exchange variations of R$13,143 thousand, in 2Q09, when compared to 2Q08, are basically due to decrease of R$18,856 thousand in receivables related to the Belo Horizonte Municipal Government restated per billed cubic meter in the municipality, and of R$8,285 thousand in receivables related to exchange variation and capitalized interest on BNY collateral, offset against the decrease of R$7,974 thousand in debts with BNY and Banco do Brasil, owing to the dollar devaluation, and R$3,347 thousand in expenses relating to restatement of debts with CEMIG and Previminas, due to negative variation of the IGP-M (General Market Price Index) in 2Q09 (-0.32) whereas positive variation (4.28) was recorded in 2Q08.

- **Interest** – This item records interest expenses on financing operations, income from collateral in foreign currency, and interest on installment payment of debts relating to local governments. Interest receivable increased R$1,924 thousand, in 2Q09, when compared to 2Q08. Interest payable increased R$7,896 thousand, due to rise by R$2,931 thousand relating to interest to the Federal Savings and Loans Bank ("Caixa Econômica Federal", or "CAIXA"), and R$2,255 thousand in interest on debentures, as a result of new disbursed amounts in 2Q09, R$74,162 thousand of which referring to BNDES and R$32,675 thousand to CAIXA.

- **Other - financial income/expenses** – Variation in financial expenses is due to reclassification of subgroup accounts "Other expenses" to "Interest on financing operations" in 3Q08, which impacted performance by R$2,258 thousand in 2Q08.

- **Interest in equity capital** – Management opted to accrue for interest on equity capital in the amount of R$43,651 thousand relating to 2Q09, which did not occur in 2Q08.

- **Income before income and social contribution taxes** – Income before income and social contribution taxes decreased R$64,288 thousand, or 35.68%, R$115,910 thousand of which in 2Q09, against R$180,198 thousand in the same prior-year period, due to the provision for interest in equity capital and decrease in financial income (expenses).

- **Provision for income and social contribution taxes** – Taxation on income in 2Q09 was of R$43,113 thousand, compared to R$63,693 thousand in 2Q08. The 32.13% decrease in taxation in 2009 was influenced by the credit of interest on equity capital, amounting to R$43,651 thousand, which led to a gain of R$14,841 thousand, and decrease in financial income (expenses) of R$21,034 thousand.

- **Employee profit sharing –** In 2Q09, the amount of R$8,280 thousand was accrued for purposes of employee profit sharing, which did not occur in the same prior-year period.

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- **Net income for the year** – Net income for the year decreased R$8,337 thousand, R$108,168 thousand of which in 2Q09, and R$116,505 thousand in the same prior-period quarter, mainly due to the provision for employee profit sharing. In 2Q09, net income represented 20.18% of the net operating revenue, compared to 22.79% in the same period of 2008.

- **Generation of funds or EBITDA** – Funds in the amount of R$209,793 thousand were generated in 2Q09, against R$208,285 thousand in the same quarter of 2008, representing an increase of R$1,508 thousand, or 0.72%. The EBITDA margin was of 38.24 in 2Q09, against 39.71% in 2008, corresponding to a decrease of 1.47p.p.

The EBITDA calculations are shown hereunder:

	Company			
2nd quarter	**2009**	**2008**	**Variation**	
				%
Net income	**108,168**	**116,505**	**(8,337)**	**-7.16**
Provision for IR and CS	**43,113**	**63,693**	**(20,580)**	**-32.31**
Amortization and depreciation	61,169	60,058	1,111	1.85
Employee profit sharing	8,280	-	8,280	100.00
Financial expenses	(10,937)	(31,971)	21,034	-65.79
(=) EBITDA (1)	**209,793**	**208,285**	**1,508**	**0.72**
EBITDA margin (2)	**38.24**	**39.71**		**-1.47p.p.**

(1) EBITDA is equal to net income (loss) before income and social contribution taxes, net financial expenses, depreciation and amortization expenses. As the EBITDA calculation does not consider interest income and expenses (financial), income and social contribution taxes, depreciation and amortization, it serves as an indicator of our general economic performance, which is not affected by interest rate fluctuations, income and social contribution tax burden changes, or depreciation and amortization levels. Consequently, we believe that EBITDA is a significant tool for periodic comparison of our operating performance, in addition to serving as a basis for certain administrative decisions. In our opinion, the EBITDA enables a better understanding of our financial performance and of our ability to honor payables and obtain funds for our capital expenditures and working capital. EBITDA, however, has limitations that impair its use as a measure of profitability, since it does not consider certain costs arising from our business that could significantly impact our profit, such as financial expenses, taxes, depreciation, capital expenditures, among other related expenses.

(2) The EBITDA margin is calculated based on net revenue from services, which corresponds to net operating revenue plus other operating revenue.

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5 - Analysis and Discussion on the Financial Position

The financial position analysis and discussion below is based on the information resulting from the Quarterly Information prepared in accordance with accounting practices adopted in Brazil.

In the discussion below, references to increases or decreases in each of the years are made in comparison with the corresponding previous year, except when stated otherwise.

This analysis and discussion considered the accounts that, in the Company's understanding, are materially significant to adequately justify the changes in the financial position on the indicated dates, whether due to the their balance or the variation observed between such dates.

- **Balance sheet**

	Company			
	6/30/09	3/31/09	Variation	
				%
Current assets	1,231,195	1,381,562	(150,367)	-10.88
Noncurrent assets	5,327,673	5,140,794	186,879	3.64
Total assets	**6,558,868**	**6,522,356**	**36,512**	**0.56**
Current liabilities	534,932	611,996	(77,064)	-12.59
Noncurrent liabilities	2,057,259	2,010,783	46,476	2.31
Shareholders' equity	3,966,677	3,899,577	67,100	1.72
Total liabilities and shareholders' equity	**6,558,868**	**6,522,356**	**36,512**	**0.56**

- **Current assets**

	Company			
	6/30/09	6/31/09	Variation	
				%
Cash and cash equivalents	762,124	925,574	(163,450)	-17.66
Trade accounts receivable	375,938	379,930	(3,992)	-1.05
Inventories	27,132	26,150	982	3.76
Taxes recoverable	13,088	10,214	2,874	28.14
Deferred income and social contribution taxes	1,320	1,320	0	0.00
Technical cooperation agreements	18,974	2,115	16,859	n.m.
Sundry credits	32,619	36,259	(3,640)	-10.04
Total current assets	**1,231,195**	**1,381,562**	**(150,367)**	**-10.88**

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- **Cash and cash equivalents** – This account decreased R$163,450 thousand at June 30, 2009, corresponding to 17.66%. At March 31, 2009, the balance amounted to R$925,574 thousand, decreasing to R$762,124 thousand at June 30, 2009. The main reason for such decrease was payment of interest on equity capital for 2008 and 1Q09, amounting to R$145,275 thousand, and of accounts payable to suppliers.

- **Taxes recoverable** - The taxes recoverable account increased R$2,874 thousand, corresponding to 28.14%. At March 31, 2009 this account totaled R$10,214 thousand, increasing to R$13,088 thousand at June 30, 2009. The change is due to overpayment of corporate income tax (IRPJ) for the quarter, to be offset against future tax amounts payable.

- **Technical cooperation agreements** – This account had R$ 2.115 balance recorded at March 31, 2009, whereas at June 30, 2009 its balance totaled R$18,974 thousand. The variation of R$16.859 thousand is explained by a 9.9% increase in expenses in connection with works execution, against an increase of 1.2% in inflow of funds for execution of such works. Significant technical cooperation agreements are with CODEVASF, a balance of R$8,871 thousand, BH - Aglomerado da Serra, with R$5,378 thousand, and PRODETUR, with R$5,199 thousand.

- **Sundry credits** – This line consolidates current and investment accounts of agreements, health program, advances to employees, salaries, 13th monthly salary and travel expenses, in addition to escrow deposits relating to lawsuits and advances to suppliers. The decrease amounted to 10.04%, that is, R$3,640 thousand. At March 31, 2009, the balance amounted to R$36,259 thousand, against R$32,619 thousand at June 30,2009. The decrease is substantially due to redemption of short-term investments under agreements for payment of works to contractors, totaling R$10,791 thousand in the period, particularly under Sedru/Cedec (SI08 CP01), offset against R$2,834 thousand in advance for vacation pay and 13th monthly salary, and R$3,860 thousand relating to the assets sold to Copanor. These refer to the net assets of locations operated by Copasa that are being transferred to subsidiary Copanor. This amount refers to the net assets of 10 locations and 6 municipal districts transferred in May 2009.

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- **Noncurrent assets**

Company

	6/30/09	3/31/09	Variation	
				%
Trade accounts receivable	200,544	196,597	3,947	2.01
Deferred income and social contribution taxes	61,658	57,695	3,963	6.87
Judicial deposits	9,398	8,891	507	5.70
Collateral for financing operations	78,679	84,302	(5,623)	-6.67
Sundry credits	74,304	69,440	4,864	7.00
Total long-term receivables	**424,583**	**416,925**	**7,658**	**1.84**
Investments	11,368	10,076	1,292	12.82
Property, plant and equipment	4,708,341	4,526,989	181,352	4.01
Intangible assets	183,381	186,804	(3,423)	-1.83
Total permanent assets	**4,903,090**	**4,723,869**	**179,221**	**3.79**
Total noncurrent assets	**5,327,673**	**5,140,794**	**186,879**	**3.64**

Long-term receivables

- **Deferred income and social contribution taxes** – This balance increased R$3,963 thousand at June 30, 2009, or 6.87%, from R$57,695 thousand at March 31, 2009 to R$61,658 thousand at June 30, 2009. This variation was due to increase in temporary differences between the tax base for liability accounts and their carrying value.

- **Collateral for financing operations** – This account decreased R$5,623 thousand at June 30, 2009, or 6.67%, from R$84,302 thousand at March 31, 2009 to R$78,679 thousand at June 30, 2009. This decrease was due to a R$5,558 thousand foreign exchange loss in the period, as a result of the fall in US dollar and a decrease of R$4,262 thousand in interest on collaterals for foreign financing operations, offset against new additions and yield on collaterals in local currency, amounting to R$4,197 thousand.

- **Sundry credits** – Increase of R$4,864 thousand at June 30, 2009, or 7%, from R$69.440 thousand at March 31, 2009 to R$74,304 thousand at June 30, 2009. The variation was due to a rise in loans to Subsidiárias Águas Minerais, in the amount of R$2,578 thousand, and Copanor, of R$1,697 thousand.

Permanente

- **Investments** – This account increased R$1,292 thousand, from R$10,076 thousand at March 31, 2009 to R$11,368 thousand a June 30, 2009. This variation of 12.82%, was due to the investments made in Copasa Águas Minerais de Minas S/A, as future capital contribution to the referred to subsidiary, amounting to R$4,400 thousand, offset against equity loss of R$3,108 thousand.

- **Property, plant and equipment** - Property, plant and equipment increased 4.01%, equivalent to R$181,351 thousand, reaching R$4,708,341 thousand at June 30, 2009, against R$4,526,989 thousand at March 30, 2009. This increase is primarily explained by the new undertakings to expand and create water and sanitary drainage systems and general-use installations.

- **Current liabilities**

	Company			
	6/30/09	3/31/09	Variation	
				%
Loans and financing	128,460	127,320	1,140	0.90
Debentures	48,844	59,974	(11,130)	-18.56
Contractors and suppliers	110,611	87,780	22,831	26.01
Taxes, charges and contributions	33,694	42,098	(8,404)	-19.96
Accrued vacation pay and 13th monthly salary	81,917	61,080	20,837	34.11
Employee profit sharing	28,960	32,803	(3,843)	-11.72
Interest on equity capital	43,667	145,290	(101,623)	-69.94
Pension plan	12,279	11,588	691	5.96
Electric power	28,573	27,754	819	2.95
Other liabilities	17,927	16,309	1,618	9.91
Total current liabilities	**534,932**	**611,996**	**(77,064)**	**-12.59**

- **Debentures** – At June 30, 2009, short-term debentures decreased to R$48,844 thousand, against R$59,974 at March 30, 2009. The 18.56% variation, corresponding to R$11,130 thousand, was due to amortization, in June 2009, of interest on the debentures series, amounting to R$150,000 thousand, issued in the 4Q08 and 1Q09.

- **Suppliers** - Suppliers records a balance of R$110,611 thousand at June 30, 2009, against R$87,780 thousand at March 31, 2009. The rise of R$22,831 thousand, or 26.01%, refers substantially to increase in investments made by the Company, mainly BNDES funds, which caused the balances payable to rise. At June 30, 2009 four corporate contractors alone were creditors to R$17,192 thousand.

- **Taxes, charges and contributions** – This balance decreased R$8, 404 thousand, or 19.96%, from R$42,098 thousand at March 31, 2009 to R$33,694 thousand at June 30, 2009. This decrease was substantially due to the nearly zero balances relating to the provisions for income and social contribution taxes in June 2009 as a result of the tax amounts overpaid in prior months.

- **Accrued vacation pay and 13th monthly salary** – This balance increased R$20,837 thousand, or 34.11%, from R$61,080 thousand at March 31, 2009 to R$81,917 thousand at June 30, 2009. This variation is explained by the increasing regular accruals for 13th monthly salary, to be paid at the end of the current year, by the May 2009 salary adjustment of 5.88%, plus a real increase of 1% thereon, and also by the recalculation of accrual fractions.

- **Employee profit sharing** – At March 31, 2009, this account balance was R$32,803 thousand, while at June 30, 2009 it decreased by R$3,843 thousand, recording a new balance of R$28,960 thousand, a change corresponding to 11.72% in the period. Such decrease was due to payment of the first installment (50%) of the employee profit sharing in April 2009, amounting to R$12,119 thousand, offset against a provision for R$8,280 thousand referring to the employee profit sharing for 2Q2009.

- **Interest on equity capital** – This account decreased R$101,623 thousand, totaling R$145,290 thousand at March 31, 2009 and R$43,667 thousand at June 30, 2009. The variation of 69.94% is due to payment, to shareholders, of interest on equity capital referring to 2008 and 1Q09, in the amount of R$145,275 thousand, offset against profit for the 2Q09, of R$43,651 thousand.

- **Other liabilities**

	Company			
	6/30/09	3/31/09	Variation	
				%
Tariff increase	4	3	1	33.33
Concession debits	10,823	10,932	(109)	-1.00
Local governments	10,827	10,935	(108)	-0.99
Other	7,100	5,374	1,726	32.10
Total other liabilities	**17,927**	**16,309**	**1,618**	**9.91**

Other liabilities currently comprise payroll deduction loans payable, matching of accounts and renewal of municipal concessions.

The balance of this group of accounts at March 31, 2009 was R$16,309 thousand, increasing to R$17,927 thousand at June 30, 2009, representing a variation of R$1,618 thousand, or 9.91%. This increase was particularly due to provision for expenses with accredited parties under COPASS health plan, amounting to R$741 thousand, which were paid subsequently to 2Q09.

- **Noncurrent liabilities**

Company

	6/30/09	3/31/09	Variation	
				%
Federal Savings and Loans Bank	631,654	619,734	11,920	1.92
State Government / BDMG	19,131	19,875	(744)	-3.74
National Treasury	126,997	134,780	(7,783)	-5.77
BNDES/BNE	138,311	64,064	74,247	n.m.
Federal Government – bonus	65,862	81,310	(15,448)	-19.00
Total loans and financing	**981,955**	**919,763**	**62,192**	**6.77**
Nonconvertible debentures	515,697	526,973	(11,276)	-2.14
Convertible debentures	138,100	140,854	(2,754)	-1.96
Total debentures	**653,797**	**667,827**	**(14,030)**	**-2.10**
Provision for contingencies	30,890	27,413	3,477	12.68
Tax provisions	114,558	113,144	1,414	1.25
Pension plan	168,795	174,357	(5,562)	-3.19
Electric energy	42,561	46,732	(4,171)	-8.92
Future capital contribution	9,053	8,797	256	2.91
Deferred income and social contribution taxes	8,669	6,274	2,395	38.17
Other liabilities	46,981	46,476	505	1.09
Total noncurrent liabilities	**2,057,259**	**2,010,783**	**46,476**	**2.31**

- **Noncurrent loans and financing** - This account increased 6.77% between March 31, 2009 and June 30, 2009, recording a difference of R$62,192 thousand. At March 31, 2009, the balance amounted to R$919,763 thousand, increasing to R$981,955 thousand at June 30, 2009. The major reason for such increase are disbursements made by the Federal Savings and Loans Bank ("Caixa Econômica Federal", or "CAIXA") and BNDES, in the respective amounts of R$32,675 thousand and R$74,192 thousand, respectively, offset against amortization and transfers to the current portion in the period, of approximately R$44,675 thousand.

- **Debentures** – Noncurrent debentures decreased R$14,030 thousand, or 2.10%, recording the amount of R$667,827 thousand at March 31, 2009, against R653,797 thousand at June 30, 2009. This variation was due to amortization of R$11,596 thousand in the period.

- **Provision for contingencies** – This account totaled R$27,413 mil at March 31, 2009, increasing to R$30,890 thousand at June 30, 2009. Such increase of R$3.477 mil, or 12.68%, was due to new labor claims, in the amount of R$1,905 thousand, as well as civil actions, of R$1,521 thousand.

- **Pension plan** – This account totaled R$174,357 thousand at March 31, 2009, decreasing R$5,562 thousand at June 30, 2009, thereby totaling R$168,795 thousand. The variation of 3.19% was substantially due to reversal of actuarial liabilities amounting to R$5,230 thousand.

- **Electric energy** – The noncurrent electric energy balance totaled R$46,732 thousand at March 31, 2009, having decreased R$4,171 thousand at June 30, 2009, thereby totaling R$42,561 thousand. The variation of 8.92% was substantially due to debt amortization installments, amounting to R$4,691, recorded in the referred to period.

- **Deferred income and social contribution taxes** - This balance increased R$2,395 thousand in 2Q09, or 38.17%, from R$6,274 thousand at March 31, 2009 to R$8,669 thousand at June 30, 2009. This variation was due to increase in account balances subject to such deferred taxation.

- **Shareholders' equity**

	Company			
	6/30/09	**3/31/09**	**Variation**	
				%
Beginning balance	**3,899,577**	**3,803,301**	**96,276**	**2.53**
Interest on equity capital	(43,651)	(37,229)	(6,422)	-17.25
Convertible debentures	2,583	798	1,785	n.m.
Retained earnings	108,168	132,707	(24,539)	-18.49
Ending balance	**3,966,677**	**3,899,577**	**67,100**	**1.72**

Shareholders' equity increased 1.72%, amounting to R$3,966,677 thousand at June 30, 2009, against R$3,899,577 thousand at March 31, 2009. Such increase refers substantially to generation of profit in the period.

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07.01 - COMMENTS ON CONSOLIDATED COMPANY PERFORMANCE IN THE QUARTER

1 – Financial Performance

The analysis of the tables set out below will allow following up the result of Copasa's operations in 2Q09 in relation to the same prior-year period:

Consolidated

2nd quarter	2009		2008		Variation	
Statement of income for the quarter		%		%	R$	**%**
Revenue from water supply services	444,439		428,366		16,073	3.75
Revenue from sewage services	155,675		139,747		15,928	11.40
Revenue from finished products	394		0		394	100.00
Gross operating revenue	**600,508**		**568,113**		**32,395**	**5.70**
Deductions from gross operating revenue	(62,479)		(56,745)		(5,734)	10.10
Net operating revenue	**538,029**	**100.00**	**511,368**	**100.00**	**26,661**	**5.21**
Cost of services	(268,239)	-49.86	(240,052)	-46.94	(28,187)	11.74
Gross profit	**269,790**	**50.14**	**271,316**	**53.06**	**(1,526)**	**-0.56**
Commercial expenses	(42,650)	-7.93	(45,373)	-8.87	2,723	-6.00
Administrative expenses	(79,994)	-14.87	(75,347)	-14.73	(4,647)	6.17
Other operating income/expenses	2,334	0.43	(2,344)	-0.46	4,678	-199.57
Financial income/expenses, net	10,198	1.90	31,946	6.25	(21,748)	-68.08
Interest on equity capital	(43,651)	-8.11	-	0.00	(43,651)	100.00
Income before income and social contribution taxes	**116,027**	**21.57**	**180,198**	**35.24**	**(64,171)**	**-35.61**
Income and social contribution taxes	(43,230)	-8.03	(63,693)	-12.46	20,463	-32.13
Employee profit sharing	(8,280)	-1.54	-	0.00	(8,280)	n.m.
Reversal of interest on equity capital	43,651	8.11	-	0.00	43,651	n.m.
Net income for the year	**108,168**	**20.10**	**116,505**	**22.78**	**(8,337)**	**-7.16**

- **Gross operating revenue** – Gross operating revenue increased R$32,395 thousand, or 5.70%, reaching R$600,508 thousand in 2Q09, against R$568,113 thousand in the same prior-year period. Of such increase, R$16,073 thousand refers to water supply services and R$15,928 thousand, to sanitary sewage services.

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The table below shows the changes in gross operating revenue arising from water supply and sanitary sewage services, in the indicated periods:

Consolidated

2nd quarter	2009	%	2008	%	Variation	%
Gross operating revenue						
Water supply services	444,439	74.01	428,366	75.4	16,073	3.75
Sanitary sewage services	155,675	25.92	139,747	24.6	15,928	11.40
Revenue from finished products	394	0.07	-	-	394	n.m.
Total	**600,508**	**100.00**	**568,113**	**100.**	**32,395**	**5.70**

Major variations and causes:

- **Water supply** – Revenue from water supply increased 3.75%, arriving at R$444,439 thousand in 2Q09, compared to R$428,366 thousand in the same prior-year period.

- **Sanitary sewage** – Revenue from sanitary sewage services of R$155,675 thousand grew 11.40% in 2Q09, against R$139,747 thousand recorded in the same prior-year period.

- **Deductions from gross operating revenue** – These increased by R$5,734 thousand, or 10.10%, recording R$62,479 thousand in 2Q09, against R$56,745 thousand in the same prior-year period. The increase was due to rise in payment of PIS/PASEP and COFINS, resulting directly from increase in gross operating revenue, which is the basis of assessment for the mentioned taxes.

Unconditional discounts are discounts granted to major customers, and not-for-profit, philanthropic entities. The variation between 2Q09 and 2Q08, of R$7,587 thousand, against R$4,623 thousand, was caused by the fact that the commercial interface had generated incorrect entries in 2008, thereby misstating the balances of the unconditional discounts account, in the revenue group, and unbilled services account, in current assets. Related adjustments to the Company's accounts receivable will be made in 3Q09, when the commercial and technology areas will have concluded the commercial interface adjustments.

The table below shows the deductions from gross operating revenue, indicating PIS/PASEP, COFINS and State VAT (ICMS) for the respective periods:

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Consolidated						
2nd quarter	**2009**		**2008**		**Variation**	
		%		**%**		**%**
Deductions from gross operating revenue						
PIS/PASEP	9,779	15.65	9,298	16.39	481	5.17
COFINS	45,045	72.09	42,824	75.46	2,221	5.19
ICMS	54	0.09	-	-	54	n.m.
Unconditional discounts	7,601	12.17	4,623	8.15	2,978	64.42
Total	**62,479**	**100.00**	**56,745**	**100.00**	**5,734**	**10.10**

- **Net operating revenue** – Net operating revenue totaled R$538,029 thousand in 2Q09, against R$511,368 thousand in 2Q08, increasing by 5.21%.

- **Operating costs and expenses** – As part of the Company's strategic policy, an annual expense budget is prepared, and the realizations are closely monitored. As such, operating expenses may be evaluated and equated throughout the year, as shown below:

  Cost of services – Cost of services, which includes expenses with operation, maintenance and upkeep of water and sanitary sewage systems, increased R$28,187 thousand, or 11.74% in 2Q09, in comparison with the same period in 2008, as follows:

Consolidated				
2nd quarter	**2009**	**2008**	**Variation**	
				%
Cost of services	**268,239**	**240,052**	**28,187**	**11.74**
Personnel	97,965	85,667	12,298	14.36
Material	22,676	18,574	4,102	22.08
Electric energy	52,596	50,679	1,917	3.78
Third-party services	30,974	25,126	5,848	23.27
Tariff transfer to municipalities	14,734	13,806	928	6.72
General expenses	3,634	2,415	1,219	50.48
Depreciation and amortization	57,196	53,967	3,229	5.98
Credit recovery *(PIS-PASEP/COFINS)*	(11,536)	(10,182)	(1,354)	13.30

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Major variations and causes:

- **Personnel** – Increase in expenses with personnel of R$12.298 thousand, equivalent to 14.36%, is primarily due to a 5.9% salary adjustment, in May 2009, corresponding to the INPC (National Consumer Price Index), an increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Regular hourly wage	39,144,100	35,794,320	3,349,780	9.36
Overtime hourly wage	3,454,835	2,910,825	544,010	18.69
Bonus according to position	473,753	349,688	124,065	35.48
Vacation pay	9,186,954	5,452,465	3,734,489	68.49
13th monthly salary	4,473,981	4,120,406	353,575	8.58
Health exposure premium	980,868	828,994	151,874	18.32
Sickness benefit supplementation	868	1,930	-1,062	-55.03
Corporate performance bonus	5,045,305	4,229,814	815,491	19.28
Social security	15,853,309	12,328,700	3,524,609	28.59
Employee Dismissal Indemnity Fund - FGTS	5,406,780	4,173,011	1,233,769	29.57
Workers' Compensation Insurance	1,363,701	1,314,698	49,003	3.73
Severance pay and 30-day resignation notice	146,821	413,086	-266,265	-64.46
Professional education	68	2,944	-2,876	-97.69
Subsidized snack	246,025	209,629	36,396	17.36
Subsidized transportation ticket	1,476,667	1,433,318	43,349	3.02
Supplementary programs - COPASS	1,303,761	1,123,327	180,434	16.06
Health program	2,396,999	3,774,014	-1,377,015	-36.49
Workers' Meal Program	12,583,160	10,715,851	1,867,309	17.43
Social security and health program	3,783,930	2,704,008	1,079,922	39.94
Other welfare programs	79,441	74,606	4,835	6.48
Management performance bonus	238,951	199,243	39,708	19.93
Operational tech. professional education.	15,501	-	15,501	n.m.
Postgraduate professional education	2	-	2	n.m.
Professional education - seminars/congresses	1,223	-	1,223	n.m.
Expansion costs	(6,984,006)	(5,215,649)	-1,768,357	33.90
DVHM cost	(136,502)	-	-136,502	n.m.
Natural increase - own labor	(2,570,807)	(1,269,015)	-1,301,792	n.m.
*** Personnel expenses**	**97,965,688**	**85,667,213**	**12,295,475**	**14.35**

Major variations to be highlighted are in the Workers' Meal Program, adjusted in May 2009 by 5.83% on the 11.8% adjustment effective July 2008, and in the social security and health program relating to the salary increase, adjusted by 20.84% in November 2008, leading to an average impact of 29% in the employer contribution.

- **Material** – Expenses with materials increased R$4,102 thousand, or 22.08%, in 2Q09 when compared to same prior-year period. The major changes were of R$1,526 thousand with systems upkeep and maintenance materials, and of R$2,053 thousand in treatment materials, due to the relative increase in product consumption in 2Q09 in relation to 2Q08, and to ±10% increase in the price of the chlorinated ferrous sulfate, the most significant consumption material in water treatment.

- **Electric energy** – The variation of R$1,917 thousand, or 3.78%, in 2Q09 in relation to the prior year reflects provision adjustments made in the period between January and March 2009.

- **Third-party services** – Expenses with third-party services increased R$5,848 thousand, or 23.27%. Major variations in the period are R$2,360 thousand, substantially in maintenance and upkeep services on water and sewage service systems, and R$1,472 thousand in surveillance, courier and reception desk services, due to new hires for the new systems assumed as well as contracting of new service providers, which, in certain regions, caused such costs to be increased.

- **Tariff transfer** – The increase of 6.72%, or R$928 thousand, observed in 2Q09 on 2Q08, is a result of the growth in net operating revenue, determined in the municipalities of Belo Horizonte, Divinópolis and Andradas, the concession agreements of which provide for the transfer of 4% of the amounts collected in such locations.

- **Depreciation and amortization** – The increase of R$3,229 thousand, or 5.98%, relates to acquisition of fixed assets and development of new works in 2Q09 in relation to 2Q08.

- **Commercial expenses –** The Company's commercial system expenses decreased R$2,723 thousand, or 6.00%, in 2Q09 in relation to same prior-year quarter. Such expenses include the following items:

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Consolidated

2nd quarter	2009	2008	Variation	
				%
Commercial expenses	**42,650**	**45,373**	**(2,723)**	**-6.00**
Personnel	22,657	20,472	2,185	10.67
Material	654	753	(99)	-13.15
Third-party services	4,048	2,959	1,089	36.80
General expenses	192	226	(34)	-15.04
Depreciation and amortization	1,154	2,107	(953)	-45.23
Allowance for doubtful accounts	13,945	18,856	(4,911)	-26.04

Major variations are as follows:

- **Personnel** – Increase in personnel expenses of R$2,185 thousand, equivalent to 10.67%, was a result of the impact of a 5.9% salary adjustment in May 2009, corresponding to the INPC and real increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Wages and salaries/Regular hours	8,489,372	8,234,053	255,319	3.10
Wages and salaries/Overtime	463,823	387,288	76,535	19.76
Bonus according to position	34,632	31,870	2,762	8.67
Vacation pay	2,105,762	1,277,722	828,040	64.81
13th salary	932,239	872,543	59,696	6.84
Health exposure premium	4,557	3,486	1,071	30.72
Sickness benefit supplementation	-	415	(415)	-100.00
Corporate performance bonus - GDI	1,139,488	1,000,673	138,815	13.87
Social security	3,317,906	2,703,147	614,759	22.74
FGTS	1,057,780	910,188	147,592	16.22
Workers' compensation insurance	216,999	253,879	(36,880)	-14.53
Severance pay/30-day resignation notice	12,098	47,633	(35,535)	-74.60
Professional education	-	473	(473)	-100.00
Subsidized snack	190,856	160,265	30,591	19.09
Subsidized transportation ticket	296,478	310,630	(14,152)	-4.56
Supplementary programs - COPASS	276,540	250,837	25,703	10.25
Health insurance	542,119	949,282	(407,163)	-42.89
Workers' meal program	2,845,424	2,524,429	320,995	12.72
Social security and health program	671,630	495,355	176,275	35.59
Other welfare programs	39,990	37,450	2,540	6.78
Management performance bonus - GDG	18,387	20,281	(1,894)	-9.34
Operating tech. professional education	965	-	965	n.m.
*** Personnel expenses**	**22,657,045**	**20,471,899**	**2,185,146**	**10.67**

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- **Third-party services** – Expenses with third-party services varied 36.80%, corresponding to R$1,089 thousand, mainly relating to communication services of R$372 thousand, mailing and delivery of bills, telephone bills of R$292 thousand, and R$281 thousand referring to surveillance, courier and reception desk services, due to new hires for business units of the new systems assumed.

- **Allowance for doubtful accounts - ADA** – The decrease of R$4,911 thousand, or 26.04%, is due to the January-June 2008 adjustment, made in June 2008, referring to undue write-off of invoices receivable in amounts higher than R$30 thousand, overdue for more than 360 days, and that are not the subject of court debt collection.

- **Administrative expenses** – Expenses with the Company management structure, which includes the Board of Directors and Supervisory Board, executive board and related supervisory officers, increased R$4,647 thousand, or 6.17%, as shown below:

Consolidated

2nd quarter	2009	2008	Variation	
				%
Administrative expenses	**79,994**	**75,347**	**4,647**	**6.17**
Personnel	52,302	44,970	7,332	16.30
Material	1,658	1,740	(82)	-4.71
Third-party services	21,268	22,123	(855)	-3.86
General expenses	1,809	2,518	(709)	-28.16
Depreciation and amortization	2,957	3,996	(1,039)	-26.00

Major variations and causes:

- **Personnel** – Increase in expenses with personnel of R$7,332 thousand, equivalent to 16.30%, is primarily due to a 5.9% salary adjustment in May 2009, corresponding to the INPC and a real increase of 1% calculated on salaries already adjusted, as determined by the 2008/2010 collective bargaining agreement. Other variations identified are:

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Description	6/30/2009	6/30/2008	Variation	
	R$	R$	R$	%
Regular hourly wage	20,304,940	18,294,406	2,010,534	10.99
Overtime hourly wage	219,088	199,837	19,251	9.63
Bonus according to position	853,370	779,285	74,085	9.51
Executive board/board of director fees	490,429	650,847	(160,418)	-24.65
Vacation pays	4,619,171	3,038,887	1,580,284	52.00
13th monthly salary	2,217,935	1,999,679	218,256	10.91
Health exposure premium	27,810	27,091	719	2.65
Sickness benefit supplement	2,606	2,137	469	21.95
Corporate performance bonus - GDI	2,671,402	2,246,251	425,151	18.93
Social security	8,070,580	6,377,902	1,692,678	26.54
FGTS	2,418,956	2,236,753	182,203	8.15
Workers' compensation insurance	538,366	580,488	(42,122)	-7.26
Severance pay/30-day resignation notice	71,285	2,399,635	(2,328,350)	-97.03
Professional education	445,160	245,128	200,032	81.60
Subsidized snack	220,521	265,861	(45,340)	-17.05
Subsidized transportation ticket	606,681	483,700	122,981	25.43
Supplementary programs - COPASS	662,139	562,439	99,700	17.73
Health insurance	3,205,725	1,807,312	1,398,413	77.38
Workers' meal program	2,643,720	2,253,082	390,638	17.34
Social security and health program	2,558,001	1,903,310	654,691	34.40
Other welfare programs	221,574	175,216	43,358	24.75
Refund to employee for purposes of agreement	(1,365,830)	(1,980,396)	614,566	-31.03
Management performance bonus - GDG	487,502	420,864	66,638	15.83
Operating tech. professional education	33,307	-	33,307	n.m.
Professional education - seminars/congresses	557	-	557	n.m.
Management professional education	45	-	45	n.m.
Partners' draw	64,989	-	64,989	n.m.
Union dues	14,221	-	14,221	n.m.
*** Personnel expenses**	**52,301,250**	**44,969,714**	**7,331,536**	**16.30**

- **Third-party services** – Expenses with third-party services decreased R$855 thousand, or 3.86%, in 2Q09 in relation to the same prior-year period. This is substantially due to decrease in telephone bills, of R$1,044 thousand, and in surveillance, courier and reception desk services, of R$885 thousand.

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- **Depreciation and amortization** – Depreciation and amortization expenses in the administrative area decreased R$1,039 thousand, corresponding to 26.00% in 2Q09 in relation to the same prior-year quarter. The negative variation is due to decrease of R$547 thousand relating to depreciation of vehicles, which were 100% depreciated, and to reversal of depreciation of donated items, of R$386 thousand.

- **Other operating income/expenses** – In view of their same nature, the items are being analyzed under one same comment, with description of performance of both operating income and expenses, as shown below:

Consolidated

2nd quarter	2009	2008	Variation	
Other operating income				%
Income from technical services	249	4,196	(3,947)	-94.07
Reversal of nondeductible provision	5,572	483	5,089	n.m.
Recovery of accounts written down	2,573	6,375	(3,802)	-59.64
Other	4,880	2,129	2,751	n.m.
Total other operating income	**13,274**	**13,183**	**91**	**0.69**
Other operating expenses				
Adventitious or extraordinary losses	(8,720)	(13,380)	4,660	-34.83
Other	(2,220)	(2,147)	(73)	3.40
Total other operating expenses	**(10,940)**	**(15,527)**	**4,587**	**-29.54**
Other operating income (expenses)	**2,334**	**(2,344)**	**4,678**	**n.m.**

Variations and causes:

- **Other operating income** – The variation of R$91 thousand, or 0.69%, in this group of accounts is particularly due to reversal of actuarial liabilities of R$5,230 thousand in 2Q09, and to increase of R$2,048 thousand referring to recognition of part of the grant for works relating to the Water Basin Depollution Program (PRODES/ANA), offset against the decrease of R$3,947 thousand relating to income from professional technical services, and of R$3,802 thousand in recovery of accounts written down.

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- **Other operating expenses** – The decrease of R$4,587 thousand, or 29.54%, in other operating expenses is primarily due to reduction in provisions for litigation, of R$2,013 thousand, in adventitious losses, of R$2,103 thousand, and in cooperative technical assistance, of R$913 thousand.

- **Financial income and expenses** – These reflect the results from short-term investments, amounts receivable, loans, financing operations and debentures. The analysis of the variations is made based on net result from financial income and expenses of the same nature, as follows:

	Consolidated			
2nd quarter	**2009**	**2008**	**Variation**	
				%
Financial income				
Monetary and exchange variations	16,610	24,463	(7,853)	-32.10
Interest	9,569	7,643	1,926	25.20
Yield from short-term investments	19,379	23,433	(4,054)	-17.30
Other	1	4	(3)	-75.00
Total financial income	**45,559**	**55,543**	**(9,984)**	**-17.98**
Financial expenses				
Monetary and exchange variations	(11,033)	(5,024)	(6,009)	n.m.
Interest on financing operations	(22,905)	(14,987)	(7,918)	52.83
Other	(1,422)	(3,586)	2,164	-60.35
Total financial expenses	**(35,360)**	**(23,597)**	**(11,763)**	**49.85**
Financial income (expenses)	**10,199**	**31,946**	**(21,747)**	**-68.07**

Major variations and causes:

- **Monetary and exchange variations –** Monetary and exchange variations of R$13,862 thousand in 2Q09, when compared to 2Q08, are basically due to decrease of R$18,856 thousand in receivables related to the Belo Horizonte Municipal Government restated per billed cubic meter in the municipality, and of R$8,285 thousand in receivables related to exchange variation and capitalized interest on BNY collateral, offset against the decrease of R$7,974 thousand in debts with BNY and Banco do Brasil, owing to the dollar devaluation, and R$3,347 thousand in expenses relating to restatement of debts with CEMIG and Previminas, due to negative variation of the IGP-M (General Market Price Index) in 2Q09 (-0.32) whereas positive variation (4.28) was recorded in 2Q08.

- **Interest** – This item records interest expenses on financing operations, income from collateral in foreign currency, and interest on installment payment of debts relating to local governments. Interest receivable increased R$1,926 thousand in 2Q09, when compared to 2Q08. Interest payable increased R$7,918 thousand, due to rise by R$2,931 thousand relating to interest to the Federal Savings and Loans Bank ("Caixa Econômica Federal", or "CAIXA"), and R$2,255 thousand in interest on debentures, as a result of new disbursed amounts in 2Q09, R$74,162 thousand of which referring to BNDES and R$32,675 thousand to CAIXA.

- **Other - financial income/expenses** – Variation in financial expenses is due to reclassification of subgroup accounts "Other expenses" to "Interest on financing operations" in 3Q08, which impacted performance by R$2,258 thousand in 2Q08.

- **Interest in equity capital** – Management opted to accrue for interest on equity capital in the amount of R$43,651 thousand relating to 2Q09, which did not occur in 2Q08.

- **Income before income and social contribution taxes** – Income before income and social contribution taxes decreased R$64,171 thousand, or 35.61%, R$116,027 thousand of which in 2Q09, against R$180,198 thousand in the same prior-year period, due to the provision for interest in equity capital and decrease in financial income (expenses).

- **Provision for income and social contribution taxes** – Taxation on income in 2Q09 was of R$43,230 thousand, compared to R$63,693 thousand in 2Q08. The 32.13% decrease in taxation in 2009 was influenced by the credit of interest on equity capital, amounting to R$43,651 thousand, which led to a gain of R$14,841 thousand, and decrease in financial income (expenses) of R$21,748 thousand.

- **Employee profit sharing –** In 2Q09, the amount of R$8,280 thousand was accrued for purposes of employee profit sharing, which did not occur in the same prior-year period.

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- **Net income for the year** – Net income for the year decreased R$8,337 thousand, R$108,168 thousand of which in 2Q09, and R$116,505 thousand in the same prior-period quarter, mainly due to the provision for employee profit sharing. In 2Q09, net income represented 20.10% of the net operating revenue, compared to 22.78% in the same period of 2008.

- **Generation of funds or EBITDA** – Funds in the amount of R$210,787 thousand were generated in 2Q09, against R$208,322 thousand in the same quarter of 2008, representing an increase of R$1,508 thousand, or 1.18%. The EBITDA margin was of 38.23% in 2Q09, compared to 39.71% in 2008, corresponding to a decrease of 1.48p.p.

The EBITDA calculations are shown hereunder:

	Consolidated			
2nd quarter	**2009**	**2008**	**Variation**	
				%
Net income	**108,168**	**116,505**	**(8,337)**	**-7.16**
Provision for IR and CS	**43,230**	**63,693**	**(20,580)**	**-32.13**
Amortization and depreciation	61,307	60,070	1,111	2.06
Employee profit sharing	8,280	0	8,280	100.00
Financial expenses	(10,198)	(31,946)	21,034	-68.08
(=) EBITDA (1)	**210,787**	**208,322**	1,508	**1.18**
EBITDA margin (2)	**38.23**	**39.71**		**-1.48p.p.**

(1) EBITDA is equal to net income (loss) before income and social contribution taxes, net financial expenses, depreciation and amortization expenses. As the EBITDA calculation does not consider interest income and expenses (financial), income and social contribution taxes, depreciation and amortization, it serves as an indicator of our general economic performance, which is not affected by interest rate fluctuations, income and social contribution tax burden changes, or depreciation and amortization levels. Consequently, we believe that EBITDA is a significant tool for periodic comparison of our operating performance, in addition to serving as a basis for certain administrative decisions. In our opinion, the EBITDA enables a better understanding of our financial performance and of our ability to honor payables and obtain funds for our capital expenditures and working capital. EBITDA, however, has limitations that impair its use as a measure of profitability, since it does not consider certain costs arising from our business that could significantly impact our profit, such as financial expenses, taxes, depreciation, capital expenditures, among other related expenses.

(2) The EBITDA margin is calculated based on net revenue from services, which corresponds to net operating revenue plus other operating revenue.

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2 - Analysis and Discussion on the Financial Position

The financial position analysis and discussion below is based on the information resulting from the Quarterly Information prepared in accordance with accounting practices adopted in Brazil.

In the discussion below, references to increases or decreases in each of the years are made in comparison with the corresponding previous year, except when stated otherwise.

This analysis and discussion considered the accounts that, in the Company's understanding, are materially significant to adequately justify the changes in the financial position on the indicated dates, whether due to the their balance or the variation observed between such dates.

- **Balance sheet**

	Consolidated			
	6/30/09	3/31/09	Variation	
				%
Current assets	1,241,413	1,395,601	(154,188)	-11.05
Noncurrent assets	5,314,410	5,136,135	178,275	3.47
Total assets	**6,555,823**	**6,531,736**	**24,087**	**0.37**
Current liabilities	537,779	625,382	(87,603)	-14.01
Noncurrent liabilities	2,051,367	2,006,777	44,590	2.22
Shareholders' equity	3,966,677	3,899,577	67,100	1.72
Total liabilities and shareholders' equity	**6,555,823**	**6,531,736**	**24,087**	**0.37**

- **Current assets**

	Consolidated			
	6/30/09	3/31/09	Variation	
				%
Cash and cash equivalents	763,349	926,816	(163,467)	-17.64
Trade accounts receivable	378,852	382,614	(3,762)	-0.98
Inventories	29,725	28,874	851	2.95
Taxes recoverable	13,089	10,215	2,874	28.14
Deferred income and social contribution taxes	1,320	1,320	0	0.00
Technical cooperation agreements	3,883	-	3,883	n.m
Sundry credits	51,195	45,762	5,433	11.87
Total current assets	**1,241,413**	**1,395,601**	**(154,188)**	**-11.05**

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- **Cash and cash equivalents** – This account decreased R$163,467 thousand at June 30, 2009, corresponding to 17.64%. At March 31, 2009, the balance amounted to R$926,816 thousand, decreasing to R$763,349 thousand at June 30, 2009. The main reason for such decrease was payment of interest on equity capital for 2008 and 1Q09, amounting to R$145,275 thousand, and of accounts payable to suppliers.

- **Taxes recoverable** - The taxes recoverable account increased R$2,874 thousand, corresponding to 28.14%. At March 31, 2009 this account totaled R$10,215 thousand, increasing to R$13,089 thousand at June 30, 2009. The change is due to overpayment of corporate income tax (IRPJ) for the quarter, to be offset against future tax amounts payable.

- **Technical cooperation agreements** – This account had no balance recorded at March 31, 2009, whereas at June 30, 2009 its balance totaled R$3,883 thousand. The change is explained by a 9.9% increase in expenses in connection with works execution, against an increase of 1.2% in inflow of funds for execution of such works. Significant technical cooperation agreements are with CODEVASF, a balance of R$8,871 thousand, BH - Aglomerado da Serra, with R$5,378 thousand, and PRODETUR, with R$5,199 thousand, offset against the balance of agreements entered into by subsidiaries Copanor and Copasa Serviços de Irrigação, amounting to R$15,088 thousand.

- **Sundry credits** – This line consolidates current and investment accounts of agreements, health program, advances to employees, salaries, 13th monthly salary and travel expenses, in addition to escrow deposits relating to lawsuits and advances to suppliers. The increase amounted to 11.87%, that is, R$5,433 thousand. At March 31, 2009, the balance amounted to R$45,762 thousand, against R$51,195 thousand at June 30, 2009. The agreement accounts of the parent company recorded a decrease of R$2,747 thousand due to redemption of short-term investments under agreements for payment of works to contractors, totaling R$10,791 thousand, offset against the increase in current and investment accounts in its subsidiaries, amounting to R$7,892 thousand. The remaining captions showed an increase of R$8,175 thousand, represented by R$4,009 thousand in advance for vacation pay and 13th monthly salary, and R$4,244 thousand relating to the assets sold to Copanor. These refer to the net assets of locations operated by Copasa that are being transferred to subsidiary Copanor. This amount refers to the net assets of 10 locations and 6 municipal districts transferred in May 2009.

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- **Noncurent assets**

Consolidated				
	6/30/09	**3/31/09**	**Variation**	
				%
Trade accounts receivable	200,544	196,597	3,947	2.01
Deferred income and social contribution taxes	61,658	57,695	3,963	6.87
Judicial deposits	9,398	8,891	507	5.70
Collateral for financing operations	78,679	84,302	(5,623)	-6.67
Sundry credits	45,981	45,316	665	1.47
Total long-term receivables	**396,260**	**392,801**	**3,459**	**0.88**
Investments	260	260	0	0.00
Property, plant and equipment	4,734,495	4,556,255	178,240	3.91
Intangible assets	183,395	186,819	(3,424)	-1.83
Total permanent assets	**4,918,150**	**4,743,334**	**174,816**	**3.69**
Total noncurrent assets	**5,314,410**	**5,136,135**	**178,275**	**3.47**

Long-term receivables

- **Deferred income and social contribution taxes** – This balance increased R$3,963 thousand at June 30, 2009, or 6.87%, from R$57,695 thousand at March 31, 2009 to R$61,658 thousand at June 30, 2009. This variation was due to increase in temporary differences between the tax base for liability accounts and their carrying value.

- **Collateral for financing operations** – This account decreased R$5,623 thousand at June 30, 2009, or 6.67%, from R$84,302 thousand at March 31, 2009 to R$78,679 thousand at June 30, 2009. This decrease was due to a R$5,558 thousand foreign exchange loss in the period, as a result of the fall in US dollar and a decrease of R$4,262 thousand in interest on collaterals for foreign financing operations, offset against new additions and yield on collaterals in local currency, amounting to R$4,197 thousand.

Permanent assets

- **Property, plant and equipment** - Property, plant and equipment increased 3.91%, equivalent to R$178,240 thousand, reaching R$4,734,495 thousand at June 30, 2009, against R$4,556,255 thousand at March 30, 2009. This increase is primarily explained by the new undertakings to expand and create water and sanitary drainage systems and general-use installations.

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- **Current liabilities**

	Consolidated			
	3/31/09	12/31/08	Variation	
				%
Loans and financing	128,460	127,320	1,140	0.90
Debentures	48,844	59,974	(11,130)	-18.56
Contractors and suppliers	113,061	95,967	17,094	17.81
Taxes, charges and contributions	34,092	42,605	(8,513)	-19.98
Accrued vacation pay and 13th monthly salary	81,974	61,118	20,856	34.12
Employee profit sharing	28,960	32,803	(3,843)	-11.72
Interest on equity capital	43,667	145,290	(101,623)	-69.94
Technical cooperation agreement	-	4,586	(4,586)	n.m.
Pension plan	12,279	11,588	691	5.96
Electric power	28,573	27,754	819	2.95
Other liabilities	17,869	16,377	1,492	9.11
Total current liabilities	**537,779**	**625,382**	**(87,603)**	**-14.01**

- **Debentures** – At June 30, 2009, short-term debentures decreased to R$48,844 thousand, against R$59,974 at March 30, 2009. The 18.56% variation, corresponding to R$11,130 thousand, was due to amortization, in June 2009, of interest on the debentures series, amounting to R$150,000 thousand, issued in the 4Q08 and 1Q09.

- **Suppliers** - Suppliers records a balance of R$113,061 thousand at June 30, 2009, against R$95,967 thousand at March 31, 2009. The rise of R$17,094 thousand, or 17.81%, refers substantially to increase in investments made by the Company, mainly BNDES funds, which caused the balances payable to rise. At June 30, 2009 four corporate contractors alone were creditors to R$17,192 thousand.

- **Taxes, charges and contributions** – This balance decreased R$8,513 thousand, or 19.98%, from R$42,605 thousand at March 31, 2009 to R$34,092 thousand at June 30, 2009. This decrease was substantially due to the nearly zero balances relating to the provisions for income and social contribution taxes in June 2009 as a result of the tax amounts overpaid in prior months.

- **Accrued vacation pay and 13th monthly salary** – This balance increased R$20,856 thousand, or 34.12%, from R$61,118 thousand at March 31, 2009 to R$81,974 thousand at June 30, 2009. This variation is explained by the increasing regular accruals for 13th monthly salary, to be paid at the end of the current year, by the May 2009 salary adjustment of 5.88%, plus a real increase of 1% thereon, and also by the recalculation of accrual fractions.

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- **Employee profit sharing** – At March 31, 2009, this account balance was R$32,803 thousand, while at June 30, 2009 it decreased by R$3,843 thousand, recording a new balance of R$28,960 thousand, a change corresponding to 11.72% in the period. Such decrease was due to payment of the first installment (50%) of the employee profit sharing in April 2009, amounting to R$12,119 thousand, offset against a provision for R$8,280 thousand referring to the employee profit sharing for 2Q2009.

- **Interest on equity capital** – This account decreased R$101,623 thousand, totaling R$145,290 thousand at March 31, 2009 and R$43,667 thousand at June 30, 2009. The variation of 69.94% is due to payment, to shareholders, of interest on equity capital referring to 2008 and 1Q09, in the amount of R$145,275 thousand, offset against profit for the 2Q09, of R$43,651 thousand.

- **Other liabilities**

	Consolidated			
	6/30/09	**3/31/09**	**Variation**	
				%
Tariff increase	4	3	1	33.33
Concession debits	10,823	10,932	(109)	-1.00
Local governments	10,827	10,935	(108)	-0.99
Other	7,042	5,442	1,600	29.40
Total other liabilities	**17,869**	**16,377**	**1,492**	**9.11**

Other liabilities currently comprise payroll deduction loans payable, matching of accounts and renewal of municipal concessions.

The balance of this group of accounts at March 31, 2009 was R$16,377 thousand, increasing to R$17,869 thousand at June 30, 2009, representing a variation of R$1,492 thousand, or 9.11%. This increase was particularly due to provision for expenses with accredited parties under COPASS health plan, amounting to R$741 thousand, which were paid subsequently to 2Q09.

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- **Noncurrent liabilities**

Consolidated

	6/30/09	3/31/09	Variation	
				%
Federal Savings and Loans Bank	631,654	619,734	11,920	1.92
State Government / BDMG	19,131	19,875	(744)	-3.74
National Treasury	126,997	134,780	(7,783)	-5.77
BNDES/BNE	138,311	64,064	74,247	n.m
Federal Government - bonus	65,862	81,310	(15,448)	-19.00
Total loans and financing	**981,955**	**919,763**	**62,192**	**6.77**
Nonconvertible debentures	515,697	526,973	(11,276)	-2.14
Convertible debentures	138,100	140,854	(2,754)	-1.96
Total debentures	**653,797**	**667,827**	**(14,030)**	**-2.10**
Provision for contingencies	30,890	27,413	3,477	12.68
Tax provisions	114,558	113,144	1,414	1.25
Pension plan	168,795	174,357	(5,562)	-3.19
Electric energy	42,561	46,732	(4,171)	-8.93
Future capital contribution	9,053	8,797	256	2.91
Deferred income and social contribution taxes	8,669	6,274	2,395	38.17
Other liabilities	41,089	42,470	(1,381)	-3.25
Total noncurrent liabilities	**2,051,367**	**2,006,777**	**44,590**	**2.22**

- **Noncurrent loans and financing** - This account increased 6.77% between March 31, 2009 and June 30, 2009, recording a difference of R$62,192 thousand. At March 31, 2009, the balance amounted to R$919,763 thousand, increasing to R$981,955 thousand at June 30, 2009. The major reason for such increase are disbursements made by the Federal Savings and Loans Bank ("Caixa Econômica Federal", or "CAIXA") and BNDES, in the respective amounts of R$32,675 thousand and R$74,192 thousand, respectively, offset against amortization and transfers to the current portion in the period, of approximately R$44,675 thousand.

- **Debentures** – Noncurrent debentures decreased R$14,030 thousand, or 2.10%, recording the amount of R$667,827 thousand at March 31, 2009, against R$653,797 thousand at June 30, 2009. This variation was due to amortization of R$11,596 thousand in the period.

- **Provision for contingencies** – This account totaled R$27,413 mil at March 31, 2009, increasing to R$30,890 thousand at June 30, 2009. Such increase of R$3.477 mil, or 12.68%, was due to new labor claims, in the amount of R$1,905 thousand, as well as civil actions, of R$1,521 thousand.

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- **Pension plan** – This account totaled R$174,357 thousand at March 31, 2009, decreasing R$5,562 thousand at June 30, 2009, thereby totaling R$168,795 thousand. The variation of 3.19% was substantially due to reversal of actuarial liabilities amounting to R$5,230 thousand.

- **Electric energy** – The noncurrent electric energy balance totaled R$46,732 thousand at March 31, 2009, having decreased R$4,171 thousand at June 30, 2009, thereby totaling R$42,561 thousand. The variation of 8.93% was substantially due to debt amortization installments, amounting to R$4,691, recorded in the referred to period.

- **Deferred income and social contribution taxes** - This balance increased R$2,395 thousand in 2Q09, or 38.17%, from R$6,274 thousand at March 31, 2009 to R$8,669 thousand at June 30, 2009. This variation was due to increase in account balances subject to such deferred taxation.

- **Shareholders' equity**

	Consolidated			
	6/30/09	**3/31/09**	**Variation**	
				%
Beginning balance	**3,899,577**	**3,803,301**	**96,276**	**2.53**
Interest on equity capital	(43,651)	(37,229)	(6,422)	-17.25
Convertible debentures	2,583	798	1,785	n.m
Retained earnings	108,168	132,707	(24,539)	-18.49
Ending balance	**3,966,677**	**3,899,577**	**67,100**	**1.72**

Shareholders' equity increased 1.72%, amounting to R$3,966,677 thousand at June 30, 2009, against R$3,899,577 thousand at March 31, 2009. Such increase refers substantially to generation of profit in the period.

20.01 - 20.01 – OTHER INFORMATION DEEMED RELEVANT BY THE COMPANY

In compliance with the New Market Regulations, we present below the Additional Requirements for Quarterly Financial Information (ITR) as of June 30, 2009.

1) Shareholders holding more than 5% of shares of each type and class - ITR

osition of shareholders holding more than 5% of Company shares of each type and class, up to the individual level		
Company: Companhia de Saneamento de Minas Gerais COPASA MG		**Position as of 6/30/2009 (in units)**
Shareholder	**Number of registered common shares (ON)**	**(%)**
State of Minas Gerais	61,188,867	53.08
Mackenzie Financial Corporation*	5,778,000	5.01
Management	34,621	0.03
Treasury stock	370,176	0.32
Other	47,901,892	41.55
Total**	**115,273,556**	**100.00**

* Foreign capital company. Number of shares informed by Mackenzie Financial Corporation to the Company, in the capacity of administrator, advisor and/or sub-advisor of mutual funds, as per Communication received by the Company on May 5, 2008 and disclosed through Statement to the Market on May 6, 2008.

** The above total does not include the 8,156 ON shares of the Company resulting from conversion of 2,039 debentures to equity as of June 18, 2009, whose approval had not been obtained until June 30, 2009. Term for approval, according to the indenture, is 60 days after the debenture conversion.

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20.01 - 20.01 – OTHER INFORMATION DEEMED RELEVANT BY THE COMPANY

Position of shareholders holding more than 5% of Company shares of each type and class, up to the individual level		
Company: Companhia de Saneamento de Minas Gerais COPASA MG		Position as of 6/30/2008 (in units)
Shareholder	Number of registered common shares (ON)	(%)
State of Minas Gerais	61,188,867	53.13
Mackenzie Financial Corporation*	5,778,000	5.01
Management	629	-
Treasury stock	370,176	0.32
Other	47,827,276	41.54
Total	**115,164,948**	**100.00**

* Foreign capital company.

2) Position of controlling entities, management and outstanding shares

Consolidated shareholding position of Controlling Entities, Management and outstanding shares As of 6/30/2009 (in units)		
Shareholder	Common shares	
	Number	%
Controlling entity - State of Minas Gerais	61,188,867	53.12
Management		
Board of Directors	34,040	0.03
Executive Board	581	-
Supervisory Board	4	-
Treasury stock	370,176	0.32
Other shareholders	53,679,888	46.57
Total	**115,273,556**	**100.00**
Outstanding shares	**53,679,892**	**46.57**

Consolidated shareholding position of Controlling Entities, Management and outstanding shares As of 6/30/2008 (in units)		
Shareholder	**Common shares**	
	Number	**%**
Controlling entity - State of Minas Gerais	61,188,867	53.13
Management		
Board of Directors	48	-
Executive Board	581	-
Supervisory Board	177	-
Treasury stock	370,176	0.32
Other shareholders	53,605,099	46.55
Total	**115,164,948**	**100.00**
Outstanding shares	**53,605,276**	**46.55**

3) Arbitration clause

Companhia de Saneamento de Minas Gerais - COPASA MG is bound to arbitration by the Market Arbitration Chamber, pursuant to Arbitration Clause provided for in the Company's Articles of Incorporation.