(A free translation of the original in Portuguese)

Companhia de Saneamento de Minas Gerais - COPASA MG

Quarterly Information (ITR) at March 31, 2015 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Companhia de Saneamento de Minas Gerais – COPASA MG

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Companhia de Saneamento de Minas Gerais – COPASA MG, included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2015, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

PricewaterhouseCoopers, Rua dos Inconfidentes 911, 17º e 18º, Belo Horizonte, MG, Brasil 30140-120, Caixa Postal 289
T: (31) 3269-1500, F: (31) 3261-6950, www.pwc.com/br

Companhia de Saneamento de Minas Gerais – COPASA MG

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2015. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, May 14, 2015

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" MG

Carlos Augusto da Silva
Contador CRC 1SP197007/O-2 "S" MG

(A free translation of the original in Portuguese)

Contents

Company information

Capital composition 1

Parent company financial statements

Balance sheet - assets 2

Balance sheet - liabilities and equity 3

Statement of income 4

Statement of comprehensive income 5

Statement of cash flow - indirect method 6

Statement of changes in equity

1/1/2015 to 3/31/2015 7

1/1/2014 to 3/31/2014 8

Statement of value added 9

Consolidated financial statements

Balance sheet - assets 10

Balance sheet - liabilities and equity 11

Statement of income 12

Statement of comprehensive income 13

Statement of cash flow - indirect method 14

Statement of changes in equity

1/1/2015 to 3/31/2015 15

1/1/2014 to 3/31/2014 16

Statement of value added 17

Comments on company performance 18

Notes to the quarterly information 35

Comments on the behavior of business projections 77

Reports

Report on review of quarterly information - without exceptions 81

(A free translation of the original in Portuguese)

Company information/Capital composition

Number of shares (In thousands)	Current quarter 3/31/2015
Paid-up capital	
Common shares	119,684
Preferred shares	0
Total	119,684
Treasury shares	
Common shares	357
Preferred shares	0
Total	357

(A free translation of the original in Portuguese)

Parent company financial statements/balance sheet - assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2015	Prior year 12/31/2014
1	Total assets	10,243,432	10,154,641
1.01	Current assets	1,099,508	1,169,909
1.01.01	Cash and cash equivalents	277,193	329,068
1.01.03	Accounts receivable	749,839	767,801
1.01.03.01	Trade receivables	661,028	686,085
1.01.03.02	Other receivables	88,811	81,716
1.01.03.02.01	Recoverable taxes	25,224	19,829
1.01.03.02.02	Technical cooperation agreements	40,067	37,394
1.01.03.02.03	Bank account - agreements	23,520	24,493
1.01.04	Inventories	41,988	41,251
1.01.08	Other current assets	30,488	31,789
1.01.08.03	Others	30,488	31,789
1.01.08.03.01	Advances to employees	9,194	11,086
1.01.08.03.02	Receivables from subsidiaries	5,151	4,547
1.01.08.03.03	Sundry	16,143	16,156
1.02	Non-current assets	9,143,924	8,984,732
1.02.01	Long-term receivables	1,261,875	1,216,555
1.02.01.03	Accounts receivable	500,574	465,826
1.02.01.03.01	Trade receivables	189,185	197,511
1.02.01.03.02	Other receivables	311,389	268,315
1.02.01.06	Deferred taxes	155,064	134,585
1.02.01.06.01	Deferred income and social contribution	155,064	134,585
1.02.01.08	Intercompany receivables	17,012	16,432
1.02.01.08.02	Receivables from subsidiaries	17,012	16,432
1.02.01.09	Other non-current assets	589,225	599,712
1.02.01.09.03	Financial assets - concession agreements	548,477	558,964
1.02.01.09.04	Financial assets available for sale	40,748	40,748
1.02.02	Investments	12,310	13,838
1.02.02.01	Corporate investments	12,310	13,838
1.02.02.01.02	Investments in subsidiaries	12,050	13,578
1.02.02.01.04	Investments in other companies	260	260
1.02.03	Property, plant and equipment	190,570	195,462
1.02.03.01	Property, plant and equipment in operation	190,570	195,462
1.02.04	Intangible assets	7,679,169	7,558,877
1.02.04.01	Intangible assets	7,679,169	7,558,877
1.02.04.01.01	Concession agreements	5,969,065	5,819,908
1.02.04.01.02	Intangible assets in progress	1,710,104	1,738,969

(A free translation of the original in Portuguese)

Parent company financial statements / balance sheet - liabilities and equity

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2015	Prior year 12/31/2014
2	Total liabilities and equity	10,243,432	10,154,641
2.01	Current liabilities	1,001,875	1,005,981
2.01.02	Trade payables	91,639	114,433
2.01.02.01	Domestic suppliers	91,639	114,433
2.01.03	Tax obligations	41,243	50,289
2.01.03.01	Federal tax obligations	40,304	48,494
2.01.03.01.02	Other federal obligations	40,304	48,494
2.01.03.03	Municipal tax obligations	939	1,795
2.01.04	Borrowings	626,751	607,932
2.01.04.01	Borrowings	339,146	326,153
2.01.04.01.01	In local currency	307,057	301,007
2.01.04.01.02	In foreign currency	32,089	25,146
2.01.04.02	Debentures	287,605	281,779
2.01.04.02.01	Non-convertible	287,605	281,779
2.01.05	Other liabilities	64,144	67,620
2.01.05.02	Others	64,144	67,620
2.01.05.02.01	Dividends and interest on capital payable	5,574	2,516
2.01.05.02.04	Pension plan	23,630	28,730
2.01.05.02.05	Electrical energy	4,122	6,930
2.01.05.02.07	Sundry obligations	30,818	29,444
2.01.06	Provisions	178,098	165,707
2.01.06.01	Provision for tax, social security, labor and civil contingencies	178,098	165,707
2.01.06.01.05	Taxes payable in installments	48,303	47,403
2.01.06.01.06	Provision for vacation pay and 13th month salary	108,609	98,436
2.01.06.01.07	Employee profit sharing	21,186	19,868
2.02	Non-current liabilities	3,696,723	3,612,096
2.02.01	Borrowings	2,804,666	2,826,897
2.02.01.01	Borrowings	1,324,578	1,263,636
2.02.01.01.01	In local currency	1,010,431	1,001,863
2.02.01.01.02	In foreign currency	314,147	261,773
2.02.01.02	Debentures	1,480,088	1,563,261
2.02.01.02.01	Non-convertible	1,480,088	1,563,261
2.02.02	Other liabilities	578,242	473,930
2.02.02.01	Related-party liabilities	14,052	13,171
2.02.02.01.02	Due to subsidiaries	14,052	13,171
2.02.02.02	Others	564,190	460,759
2.02.02.02.03	Pension plan	123,543	121,582
2.02.02.02.05	Deposits for construction	63,526	47,557
2.02.02.02.06	Public-Private Partnership	368,902	279,885
2.02.02.02.07	Sundry	8,219	11,735
2.02.04	Provisions	313,815	311,269
2.02.04.01	Provision for tax, social security, labor and civil contingencies	313,815	311,269
2.02.04.01.05	Taxes payable in installments	189,185	197,511
2.02.04.01.06	Litigation provision	124,630	113,758
2.03	Equity	5,544,834	5,536,564
2.03.01	Paid-up capital	2,773,985	2,773,985
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Revenue reserves	2,726,965	2,726,965
2.03.04.01	Legal reserve	231,352	231,352
2.03.04.05	Profit retention reserve	2,461,153	2,461,153
2.03.04.07	Tax benefit reserve	34,460	34,460
2.03.05	Retained earnings/accumulated deficit	12,783	0
2.03.06	Carrying value adjustments	39,677	44,190

(A free translation of the original in Portuguese)

Parent company financial statements/statement of income

(R$ thousand unless otherwise stated)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
3.01	Revenue from sales and/or services	899,488	948,415
3.01.01	Water supply services	485,686	521,882
3.01.02	Sewage services	249,441	267,377
3.01.03	Construction revenue	164,361	159,156
3.02	Cost of sales and/or services	-618,788	-574,314
3.02.01	Cost of sales and/or services	-456,923	-419,930
3.02.02	Construction cost	-161,865	-154,384
3.03	Gross profit	280,700	374,101
3.04	Operating expenses/income	-182,142	-178,643
3.04.01	Selling expenses	-67,769	-60,421
3.04.02	General and administrative expenses	-109,629	-102,830
3.04.04	Other operating income	26,707	18,959
3.04.05	Other operating expenses	-29,042	-31,849
3.04.05.01	Other operating expenses	-27,724	-25,221
3.04.05.02	Employee profit sharing	-1,318	-6,628
3.04.06	Equity in the results of subsidiaries	-2,409	-2,502
3.05	Profit before finance result and taxation	98,558	195,458
3.06	Finance result	-81,314	-44,165
3.06.01	Finance income	30,585	22,924
3.06.02	Finance costs	-111,899	-67,089
3.07	Profit before income tax and social contribution	17,244	151,293
3.08	Income tax and social contribution	-794	-34,680
3.08.01	Current	-19,426	-37,250
3.08.02	Deferred	18,632	2,570
3.09	Profit for the period from continuing operations	16,450	116,613
3.11	Profit for the period	16,450	116,613
3.99	Earnings per share (R$)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.14000	0.98000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.14000	0.98000

(A free translation of the original in Portuguese)

Parent company financial statements/statement of comprehensive income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
4.01	Profit for the period	16,450	116,613
4.02	Other comprehensive income (loss)	-3,584	-3,354
4.02.02	Actuarial loss on retirement benefits	-3,584	-3,354
4.03	Comprehensive income for the period	12,866	113,259

(A free translation of the original in Portuguese)

Parent company financial statements/statement of cash flow - indirect method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
6.01	Net cash provided by operating activities	140,200	222,375
6.01.01	Cash from operations	258,926	304,478
6.01.01.01	Profit for the period	16,450	116,613
6.01.01.02	Provision for impairment of trade receivables	22,522	19,959
6.01.01.03	Recovery of accounts written-off	-11,483	-9,602
6.01.01.04	Interest and monetary and foreign exchange variations, net	32,544	42
6.01.01.05	Interest income and expenses	57,540	49,129
6.01.01.06	Deferred income tax and social contribution	-18,632	-2,570
6.01.01.07	Equity in the results of subsidiaries	2,409	2,502
6.01.01.08	Write-off of intangible assets and property, plant and equipment	79	3,016
6.01.01.09	Depreciation and amortization	133,880	113,869
6.01.01.10	Additions to provisions	14,402	7,961
6.01.01.11	Provision for actuarial liabilities	11,711	10,044
6.01.01.13	Deferred income	0	-1,713
6.01.01.14	Net margin of construction revenue	-2,496	-4,772
6.01.02	Changes in assets and liabilities	-118,726	-82,103
6.01.02.01	Trade receivables	27,832	-13,096
6.01.02.02	Inventories	-737	159
6.01.02.03	Recoverable taxes	-5,395	-185
6.01.02.04	Banks and investments in connection with agreements	973	3,884
6.01.02.05	Collateral for financing	-13,595	986
6.01.02.06	Investments (redemption) of marketable securities	1,399	3,582
6.01.02.07	Receivables from subsidiaries	-825	-1,127
6.01.02.08	Other financial assets	-2,983	-3,173
6.01.02.09	Others	-2,409	9,954
6.01.02.10	Trade payables	-22,794	-5,149
6.01.02.11	Tax obligations	-9,046	4,873
6.01.02.12	Provision for vacation pay and 13th month salary	10,173	7,410
6.01.02.13	Employee profit sharing	1,318	6,305
6.01.02.14	Technical cooperation agreements	-2,673	-7,176
6.01.02.15	Contingencies	-3,530	-1,061
6.01.02.16	Pension plan	-14,850	-14,148
6.01.02.17	Electric energy/others	-4,950	3,773
6.01.02.18	Interest paid	-59,277	-62,473
6.01.02.19	Payment of actuarial liability	-5,431	-5,084
6.01.02.20	Payment of tax installments	-11,926	-10,357
6.02	Net cash used in investing activities	-133,104	-218,378
6.02.05	Purchases of intangible assets and property, plant and equipment	-133,104	-218,378
6.03	Net cash used in financing activities	-58,971	-67,952
6.03.01	Proceeds from borrowings and debentures	77,498	86,067
6.03.02	Repayment of borrowings and debentures	-134,931	-154,007
6.03.04	Interest on capital paid	-1,538	-12
6.05	Increase (decrease) in cash and cash equivalents	-51,875	-63,955
6.05.01	Cash and cash equivalents at the beginning of the period	329,068	260,481
6.05.02	Cash and cash equivalents at the end of the period	277,193	196,526

Parent company financial statements/statement of changes in equity - 1/1/2015 to 3/31/2015

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, stock options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	2,773,985	-8,576	2,726,965	0	44,190	5,536,564
5.03	Adjusted opening balances	2,773,985	-8,576	2,726,965	0	44,190	5,536,564
5.04	Capital transactions with stockholders	0	0	0	-4,596	0	-4,596
5.04.07	Interest on capital	0	0	0	-4,596	0	-4,596
5.05	Total comprehensive income (loss)	0	0	0	17,379	-4,513	12,866
5.05.01	Profit for the period	0	0	0	16,450	0	16,450
5.05.02	Other comprehensive income (loss)	0	0	0	929	-4,513	-3,584
5.05.02.07	Amortization of monetary adjustments on fixed assets 96/97	0	0	0	1,408	-1,408	0
5.05.05.08	Deferred income tax and social contribution on monetary adjustments on fixed assets 96/97	0	0	0	-479	479	0
5.05.05.09	Actuarial loss on retirement benefits	0	0	0	0	-5,431	-5,431
5.05.02.11	Income tax and social contribution on actuarial losses on retirement benefits	0	0	0	0	1,847	1,847
5.07	Closing balances	2,773,985	-8,576	2,726,965	12,783	39,677	5,544,834

Parent company financial statements/statement of changes in equity - 1/1/2014 to 3/31/2014

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, stock options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	2,773,985	-8,576	2,508,330	0	63,620	5,337,359
5.03	Adjusted opening balances	2,773,985	-8,576	2,508,330	0	63,620	5,337,359
5.04	Capital transactions with stockholders	0	0	0	-34,757	0	-34,757
5.04.07	Interest on capital	0	0	0	-34,757	0	-34,757
5.05	Total comprehensive income (loss)	0	0	0	117,593	-4,334	113,259
5.05.01	Profit for the period	0	0	0	116,613	0	116,613
5.05.02	Other comprehensive income (loss)	0	0	0	980	-4,334	-3,354
5.05.02.07	Amortization of monetary adjustments on fixed assets 96/97	0	0	0	1,485	-1,485	0
5.05.02.08	Deferred income tax and social contribution on monetary adjustments on fixed assets 96/97	0	0	0	-505	505	0
5.05.02.09	Actuarial loss on retirement benefits	0	0	0	0	-5,082	-5,082
5.05.02.10	Income tax and social contribution on actuarial losses on retirement benefits	0	0	0	0	1,728	1,728
5.07	Closing balances	2,773,985	-8,576	2,508,330	82,836	59,286	5,415,861

(A free translation of the original in Portuguese)

Parent company financial statements/statement of value added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
7.01	Revenue	978,761	1,028,153
7.01.01	Sales of products and services	810,215	869,997
7.01.02	Other revenue	15,224	9,357
7.01.03	Revenue from construction of Company assets	164,361	159,156
7.01.04	Provision for impairment of trade receivables	-11,039	-10,357
7.02	Inputs acquired from third parties	-391,579	-381,098
7.02.01	Cost of sales and services	-342,418	-330,077
7.02.02	Materials, energy, outsourced services and other	-30,436	-34,483
7.02.04	Other	-18,725	-16,538
7.03	Gross value added	587,182	647,055
7.04	Retentions	-133,880	-113,869
7.04.01	Depreciation, amortization and depletion	-133,880	-113,869
7.05	Net value added generated	453,302	533,186
7.06	Value added received through transfers	28,176	20,422
7.06.01	Equity in the results of subsidiaries	-2,409	-2,502
7.06.02	Finance income	30,585	22,924
7.07	Total value added to distribute	481,478	553,608
7.08	Distribution of value added	481,478	553,608
7.08.01	Personnel	247,278	225,410
7.08.01.01	Payroll	155,324	142,161
7.08.01.02	Benefits	75,950	59,362
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	14,686	17,259
7.08.01.04	Others	1,318	6,628
7.08.01.04.04	Employee profit sharing	1,318	6,628
7.08.02	Taxes and contributions	104,361	143,355
7.08.02.01	Federal	95,023	134,540
7.08.02.02	State	8,844	8,358
7.08.02.03	Municipal	494	457
7.08.03	Remuneration of third-party capital	113,389	68,230
7.08.03.01	Interest	111,804	66,985
7.08.03.02	Rentals	1,585	1,245
7.08.04	Remuneration of own capital	16,450	116,613
7.08.04.01	Interest on capital	4,596	34,757
7.08.04.03	Profit reinvested	11,854	81,856

(A free translation of the original in Portuguese)

Consolidated financial statements/balance sheet - assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2015	Prior year 12/31/2014
1	Total assets	10,258,722	10,161,975
1.01	Current assets	1,126,438	1,189,401
1.01.01	Cash and cash equivalents	278,023	331,039
1.01.03	Accounts receivable	778,601	787,145
1.01.03.01	Trade receivables	665,158	690,726
1.01.03.02	Other receivables	113,443	96,419
1.01.03.02.01	Taxes to be offset	26,639	21,405
1.01.03.02.02	Technical cooperation agreements	63,127	49,863
1.01.03.02.03	Bank account - agreements	23,677	25,151
1.01.04	Inventories	44,396	43,907
1.01.08	Other current assets	25,418	27,310
1.01.08.03	Others	25,418	27,310
1.01.08.03.01	Advances to employees	9,266	11,145
1.01.08.03.02	Others	16,152	16,165
1.02	Non-current assets	9,132,284	8,972,574
1.02.01	Long-term receivables	1,245,122	1,200,393
1.02.01.03	Accounts receivable	500,833	466,096
1.02.01.03.01	Trade receivables	189,185	197,511
1.02.01.03.02	Other receivables	311,648	268,585
1.02.01.06	Deferred taxes	155,064	134,585
1.02.01.06.01	Deferred income tax and social contribution	155,064	134,585
1.02.01.09	Other non-current assets	589,225	599,712
1.02.01.09.03	Financial assets - concession agreements	548,477	558,964
1.02.01.09.04	Financial assets available for sale	40,748	40,748
1.02.02	Investments	260	260
1.02.02.01	Investments in subsidiaries	260	260
1.02.02.01.04	Investments in other companies	260	260
1.02.03	Property, plant and equipment	207,733	213,044
1.02.03.01	Property, plant and equipment in operation	207,733	213,044
1.02.04	Intangible assets	7,679,169	7,558,877
1.02.04.01	Intangible assets	7,679,169	7,558,877
1.02.04.01.01	Concession agreements	5,969,065	5,819,908
1.02.04.01.02	Intangible assets in progress	1,710,104	1,738,969

(A free translation of the original in Portuguese)

Consolidated financial statements/balance sheet - liabilities and equity

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2015	Prior year 12/31/2014
2	Total liabilities and equity	10,258,722	10,161,975
2.01	Current liabilities	1,027,822	1,022,820
2.01.02	Trade payables	114,506	128,471
2.01.02.01	Domestic suppliers	114,506	128,471
2.01.03	Tax obligations	41,854	50,836
2.01.03.01	Federal tax obligations	41,516	49,041
2.01.03.01.02	Other federal obligations	41,516	49,041
2.01.03.03	Municipal tax obligations	338	1,795
2.01.04	Borrowings	627,733	608,793
2.01.04.01	Borrowings	340,128	327,014
2.01.04.01.01	In local currency	308,039	301,868
2.01.04.01.02	In foreign currency	32,089	25,146
2.01.04.02	Debentures	287,605	281,779
2.01.04.02.01	Non-convertible	287,605	281,779
2.01.05	Other liabilities	64,749	68,304
2.01.05.02	Others	64,749	68,304
2.01.05.02.01	Dividends and interest on capital payable	5,574	2,516
2.01.05.02.04	Pension plan	23,630	28,730
2.01.05.02.05	Electrical energy	4,598	7,433
2.01.05.02.07	Sundry obligations	30,947	29,625
2.01.06	Provisions	178,980	166,416
2.01.06.01	Provision for tax, social security, labor and civil contingencies	178,980	166,416
2.01.06.01.05	Taxes payable in installments	48,303	47,403
2.01.06.01.06	Provision for vacation pay and 13th month salary	109,491	99,145
2.01.06.01.07	Employee profit sharing	21,186	19,868
2.02	Non-current liabilities	3,686,066	3,602,591
2.02.01	Borrowings	2,806,075	2,828,537
2.02.01.01	Borrowings	1,325,987	1,265,276
2.02.01.01.01	In local currency	1,011,840	1,003,503
2.02.01.01.02	In foreign currency	314,147	261,773
2.02.01.02	Debentures	1,480,088	1,563,261
2.02.01.02.01	Non-convertible	1,480,088	1,563,261
2.02.02	Other liabilities	564,193	460,761
2.02.02.02	Others	564,193	460,761
2.02.02.02.03	Pension plan	123,543	121,582
2.02.02.02.05	Deposits for construction	63,529	47,559
2.02.02.02.06	Public-Private Partnership	368,902	279,885
2.02.02.02.07	Sundry	8,219	11,735
2.02.04	Provisions	315,798	313,293
2.02.04.01	Provision for tax, social security, labor and civil contingencies	315,798	313,293
2.02.04.01.05	Taxes payable in installments	189,185	197,511
2.02.04.01.06	Litigation provision	126,613	115,782
2.03	Consolidated equity	5,544,834	5,536,564
2.03.01	Paid-up capital	2,773,985	2,773,985
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Revenue reserves	2,726,965	2,726,965
2.03.04.01	Legal reserve	231,352	231,352
2.03.04.05	Profit retention reserve	2,461,153	2,461,153
2.03.04.07	Tax benefit reserve	34,460	34,460
2.03.05	Retained earnings/accumulated deficit	12,783	0
2.03.06	Carrying value adjustments	39,677	44,190

(A free translation of the original in Portuguese)

Consolidated financial statements/statement of income

(R$ thousand unless otherwise stated)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
3.01	Revenue from sales and/or services	905,312	953,361
3.01.01	Water supply services	490,751	526,011
3.01.02	Sewage services	249,441	267,377
3.01.03	Construction revenue	164,361	159,156
3.01.04	Revenue from finished products	759	817
3.02	Cost of sales and/or services	-624,533	-578,707
3.02.01	Cost of sales and/or services	-462,668	-424,323
3.02.02	Construction cost	-161,865	-154,384
3.03	Gross profit	280,779	374,654
3.04	Operating expenses/income	-181,835	-178,864
3.04.01	Selling expenses	-68,781	-61,234
3.04.02	General and administrative expenses	-110,672	-104,223
3.04.04	Other operating income	27,643	19,467
3.04.05	Other operating expenses	-30,025	-32,874
3.04.05.01	Other operating expenses	-28,707	-26,246
3.04.05.02	Employee profit sharing	-1,318	-6,628
3.05	Profit before finance result and taxation	98,944	195,790
3.06	Finance result	-81,700	-44,497
3.06.01	Finance income	30,277	22,634
3.06.02	Finance costs	-111,977	-67,131
3.07	Profit before income tax and social contribution	17,244	151,293
3.08	Income tax and social contribution	-794	-34,680
3.08.01	Current	-19,426	-37,250
3.08.02	Deferred	18,632	2,570
3.09	Profit for the period from continuing operations	16,450	116,613
3.11	Consolidated profit for the period	16,450	116,613
3.11.01	Attributable to the owners of the Company		
3.99	Earnings per share (R$)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.14000	0.98000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.14000	0.98000

(A free translation of the original in Portuguese)

Consolidated financial statements/statement of comprehensive income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
4.01	Consolidated profit for the period	16,450	116,613
4.02	Other comprehensive income (loss)	-3,584	-3,354
4.02.02	Actuarial loss on retirement benefits	-3,584	-3,354
4.03	Consolidated comprehensive income for the period	12,866	113,259
4.03.01	Attributable to owners of the Company	12,866	113,259

(A free translation of the original in Portuguese)

Consolidated financial statements/statement of cash flow - indirect method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
6.01	Net cash provided by operating activities	139,435	222,058
6.01.01	Cash from operations	258,386	304,794
6.01.01.01	Profit for the period	16,450	116,613
6.01.01.02	Provision for impairment of trade receivables	23,396	20,639
6.01.01.03	Recovery of accounts written-off	-11,648	-9,692
6.01.01.04	Interest and monetary and foreign exchange variations, net	32,903	382
6.01.01.05	Interest income and expenses	57,604	49,157
6.01.01.06	Deferred income tax and social contribution	-18,632	-2,570
6.01.01.08	Write-off of intangible assets and property, plant and equipment	111	3,703
6.01.01.09	Depreciation and amortization	134,532	114,529
6.01.01.10	Additions to provisions	14,455	8,474
6.01.01.11	Provision for actuarial liabilities	11,711	10,044
6.01.01.13	Deferred income	0	-1,713
6.01.01.14	Net margin of construction revenue	-2,496	-4,772
6.01.02	Changes in assets and liabilities	-118,951	-82,736
6.01.02.01	Trade receivables	27,636	-13,390
6.01.02.02	Inventories	-490	-724
6.01.02.03	Recoverable taxes	-5,235	-205
6.01.02.04	Bank account - agreements	1,474	3,248
6.01.02.05	Collateral for financing	-13,595	986
6.01.02.06	Investments (redemption) of marketable securities	1,399	3,582
6.01.02.07	Other financial assets	-2,983	-3,173
6.01.02.08	Others	-2,411	9,988
6.01.02.09	Trade payables	-13,967	-20,331
6.01.02.10	Tax obligations	-8,982	4,700
6.01.02.11	Provision for vacation pay and 13th month salary	10,347	7,548
6.01.02.12	Employee profit sharing	1,318	6,305
6.01.02.13	Technical cooperation agreements	-13,264	8,172
6.01.02.14	Contingencies	-3,624	-1,153
6.01.02.15	Pension plan	-14,850	-14,148
6.01.02.16	Electric energy/other	-5,028	3,798
6.01.02.17	Interest paid	-59,339	-62,498
6.01.02.18	Payment of actuarial liability	-5,431	-5,084
6.01.02.19	Payment of tax installments	-11,926	-10,357
6.02	Net cash used in investing activities	-133,369	-218,559
6.02.05	Purchase of intangible assets and property, plant and equipment	-133,369	-218,559
6.03	Net cash used in financing activities	-59,083	-68,052
6.03.01	Proceeds from borrowings and debentures	77,498	86,067
6.03.02	Repayment of borrowings and debentures	-135,043	-154,107
6.03.04	Interest on capital paid	-1,538	-12
6.05	Increase (decrease) in cash and cash equivalents	-53,017	-64,553
6.05.01	Cash and cash equivalents at the beginning of the period	331,039	261,938
6.05.02	Cash and cash equivalents at the end of the period	278,022	197,385

Consolidated financial statements/statement of changes in equity - 1/1/2015 to 3/31/2015

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, stock options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	2,773,985	-8,576	2,726,965	0	44,190	5,536,564	0	5,536,564
5.03	Adjusted opening balances	2,773,985	-8,576	2,726,965	0	44,190	5,536,564	0	5,536,564
5.04	Capital transactions with stockholders	0	0	0	-4,596	0	-4,596	0	-4,596
5.04.07	Interest on capital	0	0	0	-4,596	0	-4,596	0	-4,596
5.05	Total comprehensive income (loss)	0	0	0	17,379	-4,513	12,866	0	12,866
5.05.01	Profit for the period	0	0	0	16,450	0	16,450	0	16,450
5.05.02	Other comprehensive income (loss)	0	0	0	929	-4,513	-3,584	0	-3,584
5.05.02.07	Amortization of monetary adjustments on fixed assets 96/97	0	0	0	1,408	-1,408	0	0	0
5.05.02.08	Deferred income tax and social contribution on monetary adjustments on fixed assets 96/97	0	0	0	-479	479	0	0	0
5.05.02.09	Actuarial loss on retirement benefits	0	0	0	0	-5,431	-5,431	0	-5,431
5.05.02.11	Income tax and social contribution on actuarial losses on retirement benefits	0	0	0	0	1,847	1,847	0	1,847
5.07	Closing balances	2,773,985	-8,576	2,726,965	12,783	39,677	5,544,834	0	5,544,834

Consolidated financial statements/statement of changes in equity - 1/1/2014 to 3/31/2014

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, stock options and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	2,773,985	-8,576	2,508,330	0	63,620	5,337,359	0	5,337,359
5.03	Adjusted opening balances	2,773,985	-8,576	2,508,330	0	63,620	5,337,359	0	5,337,359
5.04	Capital transactions with stockholders	0	0	0	-34,757	0	-34,757	0	-34,757
5.04.07	Interest on capital	0	0	0	-34,757	0	-34,757	0	-34,757
5.05	Total comprehensive income (loss)	0	0	0	117,593	-4,334	113,259	0	113,259
5.05.01	Profit for the period	0	0	0	116,613	0	116,613	0	116,613
5.05.02	Other comprehensive income (loss)	0	0	0	980	-4,334	-3,354	0	-3,354
5.05.02.07	Amortization of monetary adjustments on fixed assets 96/97	0	0	0	1,485	-1,485	0	0	0
5.05.02.08	Deferred income tax and social contribution on monetary adjustments on fixed assets 96/97	0	0	0	-505	505	0	0	0
5.05.02.09	Actuarial loss on retirement benefits	0	0	0	0	-5,082	-5,082	0	-5,082
5.05.02.10	Income tax and social contribution on actuarial losses on retirement benefits	0	0	0	0	1,728	1,728	0	1,728
5.07	Closing balances	2,773,985	-8,576	2,508,330	82,836	59,286	5,415,861	0	5,415,861

(A free translation of the original in Portuguese)

Consolidated financial statements/statement of value added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2015 to 3/31/2015	Accumulated - prior year 1/1/2014 to 3/31/2014
7.01	Revenue	985,342	1,034,120
7.01.01	Sales of products and services	816,734	875,528
7.01.02	Other revenue	15,995	10,383
7.01.03	Revenue from the construction of Company assets	164,361	159,156
7.01.04	Provision for impairment of trade receivables	-11,748	-10,947
7.02	Inputs acquired from third parties	-396,005	-385,169
7.02.01	Cost of sales and services	-345,429	-332,171
7.02.02	Materials, energy, outsourced services and other	-31,025	-34,984
7.02.04	Others	-19,551	-18,014
7.03	Gross value added	589,337	648,951
7.04	Retentions	-134,532	-114,529
7.04.01	Depreciation, amortization and depletion	-134,532	-114,529
7.05	Net value added generated	454,805	534,422
7.06	Value added received through transfers	30,277	22,634
7.06.02	Finance income	30,277	22,634
7.07	Total value added to distribute	485,082	557,056
7.08	Distribution of value added	485,082	557,056
7.08.01	Personnel	249,587	227,823
7.08.01.01	Payroll	157,203	144,023
7.08.01.02	Benefits	76,250	59,795
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	14,816	17,377
7.08.01.04	Others	1,318	6,628
7.08.01.04.01	Employee profit sharing	1,318	6,628
7.08.02	Taxes and contributions	105,572	144,337
7.08.02.01	Federal	95,947	135,218
7.08.02.02	State	9,125	8,654
7.08.02.03	Municipal	500	465
7.08.03	Remuneration of third-party capital	113,473	68,283
7.08.03.01	Interest	111,869	67,016
7.08.03.02	Rentals	1,604	1,267
7.08.04	Remuneration of own capital	16,450	116,613
7.08.04.01	Interest on capital	4,596	34,757
7.08.04.03	Profit reinvested	11,854	81,856

Comments on company performance



Belo Horizonte, May 14, 2015 - COPASA MG - Companhia de Saneamento de Minas Gerais - (BM&FBOVESPA: CSMG3), announces today its results for the first quarter of 2015 (1Q15). Except where otherwise stated, the following financial and operational information is presented in Brazilian Reais (R$) and comparisons refer to the first quarters of 2014 (1Q14) and 2013 (1Q13). The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and refer to the Parent Company.

Tables with the results are available for download on the website www.copasa.com.br/ri.

1Q15 Conference call with simultaneous translation
Date: 5/18/2015
3:00 P.M. (Brasilia time)
2:00 P.M. (New York City time)

Telephone numbers:
Brazil: +55 (11) 2188-0155
USA: +1 (646) 843-6054
Code: COPASA

Participants:
Sinara Inácio Meireles Chenna
Chief Executive Officer
Edson Machado Monteiro
Financial and Investor Relations Officer

IR contacts:
Tel.: +55 (31) 3250-2015
ri@copasa.com.br
www.copasa.com.br/ri

Operating highlights of 1Q15 (consolidated data)

WATER

Population served: **15.1 million**
Links: **4.1 million**
Connections: **4.9 million**
Billed volume: **166.2 million m³**
Distribution network: **48.8 thousand km**

SEWAGE

Population served: **9.9 million**
Links: **2.5 million**
Connections: **3.2 million**
Billed volume: **108.1 million m³**
Sewer network: **23.5 thousand km**

Comments on company performance

FINANCIAL HIGHLIGHTS (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Generation of cash from operations (Adjusted EBITDA)	230,980	305,547	290,807	-24.4%	5.1%
Adjusted EBITDA Margin	30.1%	37.6%	38.9%		
Net revenue - water and sewage	735,127	789,259	730,936	-6.9%	8.0%
Costs and expenses	634,321	583,181	520,620	8.8%	12.0%
Finance result, net	(81,314)	(44,165)	(37,226)	84.1%	18.6%
Other operating income (expenses), net	(1,017)	(6,262)	(8,353)	-83.8%	-25.0%
Profit	16,450	116,613	116,371	-85.9%	0.2%
Net debt	3,262,440	3,010,561	2,641,090	8.4%	14.0%

EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization

Significant Event Notices

Tax adjustment

On April 10, 2015, the Minas Gerais State Regulatory Water and Wastewater Agency (ARSAE MG) issued Normative Resolution 64/2015, which authorizes the readjustment of the water and sewage rates of COPASA MG, with a tax impact on users of 15.04%. Resolution and Technical Note CRFEF/GRT 02/2015 are available on the Agency's website, in the "Legislação" (Legislation) section, and on the Investor Relations website of COPASA MG, www.copasa.com.br/ri.

Capital increase

According to the significant event notice disclosed by the Company on April 23, 2015, the Board of Directors approved the constitution of Advances for Future Capital Increase (AFAC), by the controlling stockholder, the State of Minas Gerais, to further increase capital in the amount of R$ 128.4 million. Of this amount, R$ 30.0 million was transferred to the Company on April 4, 2015 and the remaining balance, in the amount of R$ 98.4 million, will be transferred based on the physical and financial schedule of the venture which will receive the funds. This is as follows: R$ 25.7 million on 6/10/2015, R$ 22.7 million on 7/10/2015, R$ 24.1 million on 8/10/2015, R$ 16.1 million on 9/10/2015, and R$ 9.8 million on 10/10/2015. Such installments may be prepaid. The constitution of the AFAC will result in a subsequent capital increase, through the private subscription of the Company's shares. Further details are contained in the minutes of the Meeting of the Board of Directors dated 4/23/2015, which are available on www.copasa.com.br/ri.

Operating data

Concessions and operations

In 1Q15, COPASA MG (the Parent company) began water supply system operations in the cities of Descoberto and Turvolândia, with a population of about seven thousand inhabitants, and the sewage system of the city of Manga, with about 14,000 inhabitants.

Thus, at March 31, 2015, the Company had 635 water concessions and 288 sewage concessions, as follows:

Concessions and operations	Mar/15 Total	Mar/15 Parent company	Mar/15 Copanor[3]	Mar/14 Total	Mar/14 Parent company	Mar/14 Copanor
Water						
Service concession arrangements[1]	635	586	49	626	580	46
Operations[2]	620	575	45	617	572	45
Sewage						
Service concession arrangements[1]	288	239	49	283	237	46
Operations[2]	234	205	29	224	195	29

1 - Total number of municipalities where the company holds concessions: capital cities, villages, towns or others.
2 - Total number of municipalities where the company operates concessions: capital cities, villages, towns or others.
3 - Cities that have not yet started operations are under progress and at the final Investment stage.

Comments on company performance

The following table shows the key operating data:

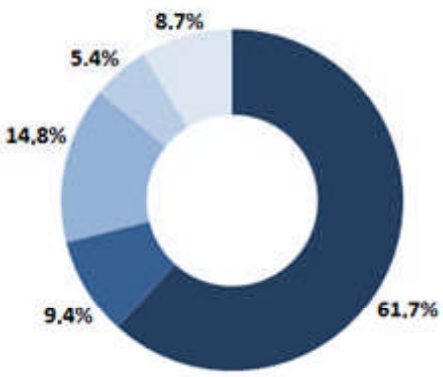
Operating data	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Water					
Links	4,075,224	3,954,809	3,808,072	3.0%	3.9%
Connections	4,918,143	4,778,085	4,605,739	2.9%	3.7%
Billed volume (1,000 m³/quarter)	166,194	175,942	170,685	-5.5%	3.1%
Volume produced (1,000 m³/quarter)	229,682	248,801	240,276	-7.7%	3.5%
Network extension (km)	48,805	47,053	44,927	3.7%	4.7%
Population served (thousand inhabitants)	15,121	14,664	14,173	3.1%	3.5%
Water metering rate* (%)	99.87	99.87	99.89	-	-
Water not converted into revenue – ANCR[1] * (l/link/day)	224.49	237.69	232.98	-5.6%	2.0%
Sewage					
Links	2,553,355	2,433,731	2,279,169	4.9%	6.8%
Connections	3,240,644	3,098,345	2,918,355	4.6%	6.2%
Billed volume (1,000 m³/quarter)	108,122	114,563	109,877	-5.6%	4.3%
Volume treated (1,000 m³/quarter)	63,941	62,826	58,513	1.8%	7.4%
Network extension (km)	23,526	22,459	20,216	4.8%	11.1%
Population served (thousand inhabitants)	9,855	9,398	8,867	4.9%	6.0%
Parent company					
Employees	12,549	11,857	11,548	5.8%	2.7%
Employees/Connections (A+E) (emp./1,000 connections)	1.94	1.90	1.93	2.1%	-1.6%

(1) Average for the past 12 months.
* Parent company data only.

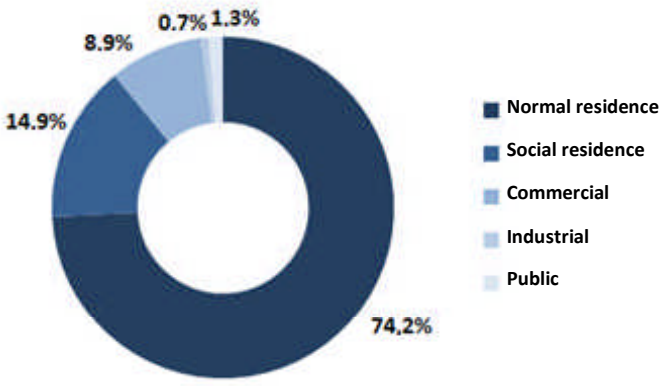
Customer base

The distribution of water and sewage billing and consumer units has the following settings:

Revenue by category (%)



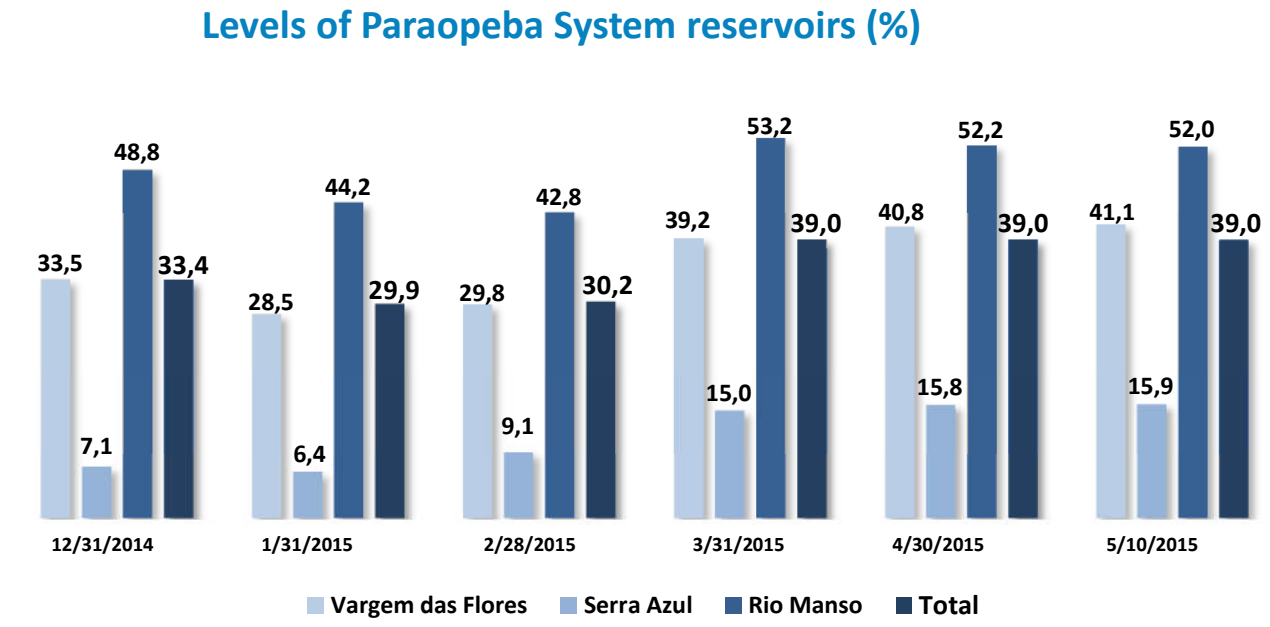
Consumer units by category (%)



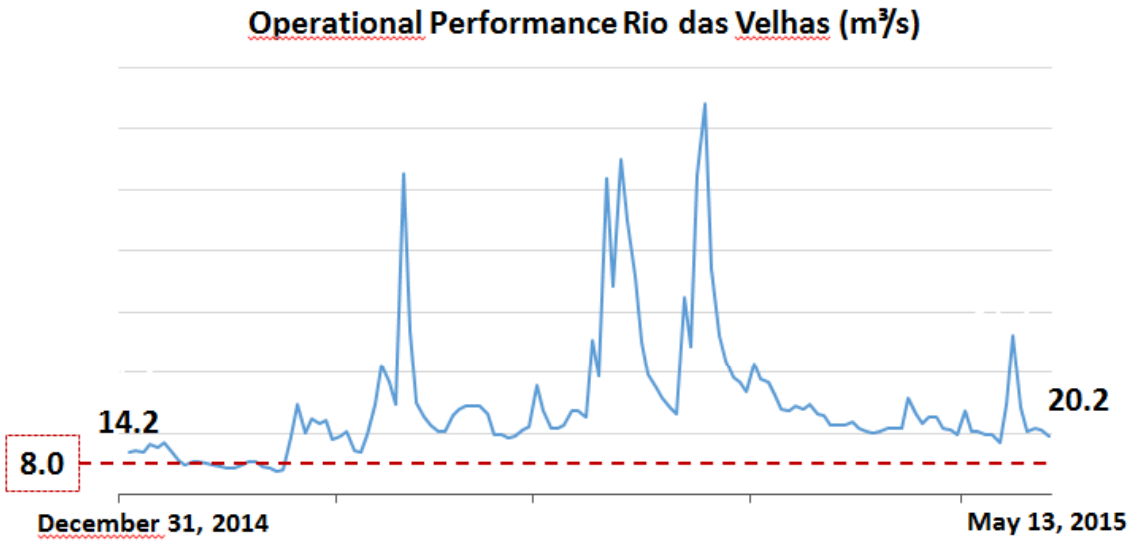
Comments on company performance

Hydric situation

The Paraopeba System consists of three reservoirs: Rio Manso, Vargem das Flores and Serra Azul. Below are the percentages of reservoir levels and the sum of the system:



The flow of the Rio das Velhas, at the point of capture of the production system is heavily influenced by rain, given its location in the upper watershed. The characteristics of this basin provide sudden flow surges when the rainfall in the headwaters and the rapid return to normal flow. The flow rate recorded in recent days has presented values around 20 m³ / s, which is sufficient for the normal supply of the population.



Comments on company performance

Operating Cash Generation

The adjusted EBITDA for 1Q15, that is, the Company's operating result less construction revenue and costs, amounted to R$ 231.0 million, against R$ 305.5 million in 1Q14. The Company's profit has been impacted by the water scarcity affecting the south-east region of Brazil and which worsened in mid-2014, due to spontaneous reduction in consumption, in compliance awareness campaign deflagrated by the Company.

Calculation of EBITDA* (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Profit for the year	**16,450**	**116,613**	**116,371**	**-85.9%**	**0.2%**
(+) Taxes on income	794	34,680	40,390	-97.7%	-14.1%
(+) Net finance result	81,314	44,165	37,226	84.1%	18.6%
(+) Depreciation and amortization	133,880	113,869	99,743	17.6%	14.2%
(+) Non-operating result of subsidiaries	1,038	992	972	4.6%	2.1%
(=) EBITDA	**233,476**	**310,319**	**294,702**	**-24.8%**	**5.3%**
(-) Net construction revenue	2,496	4,772	3,895	-47.7%	22.5%
(=) Adjusted EBITDA	**230,980**	**305,547**	**290,807**	**-24.4%**	**5.1%**
EBITDA margin	**25.0%**	**31.9%**	**33.7%**		
Adjusted EBITDA Margin	**30.1%**	**37.6%**	**38.9%**		

* The EBITDA is a non-accounting measurement adopted by the Company, calculated in accordance with CVM Instruction 527/2014, and which consists of the profit plus before income tax and social contribution, net finance result, depreciation and amortization expenses and the non-operating results of the subsidiaries. The EBITDA margin is calculated on the basis of total income (net income related to water and sewage, construction income, plus other operating income and income from subsidiaries). The calculation of the adjusted EBITDA, in turn, does not consider construction income/costs. While there is no immediate cash effect, construction revenue generates effects for the year in which it is recognized, given that it forms part of the basis for the calculation of interest on capital/dividends and employee profit sharing.

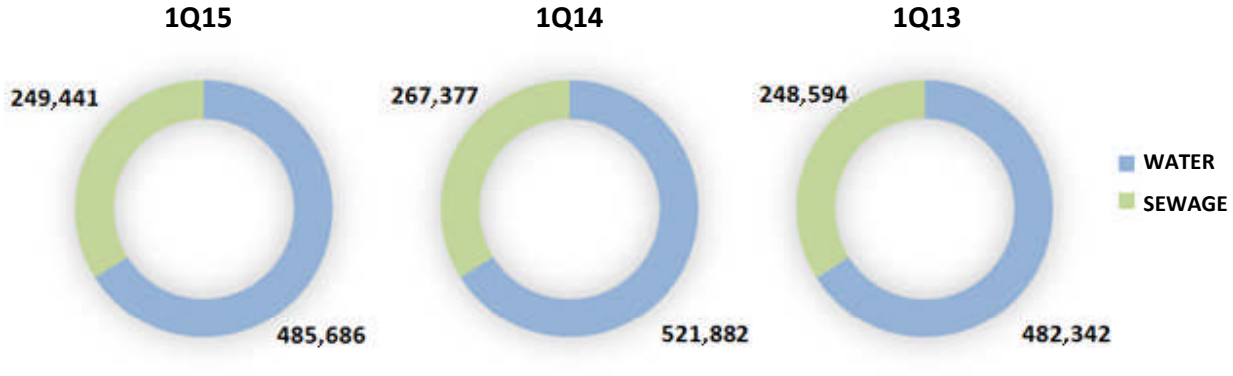
Comments on company performance

Revenue

Despite the increase in water and sewage connections, the average tax readjustment of 6.18% in 2014 and STPs operation beginning in nine municipalities between 1Q14 and 1Q15, revenues from water and sewage fell by 6.9% in the quarter. They were affected by:

- a decrease in billed volume per connection, which was impacted by the change in the population's consumption behavior and aggravated by the water crisis. This resulted in the transfer of a number of customers to lower consumption levels, with lower tariffs due to the progression of the tariff;
- a decrease in the industrial billed volume due to the performance of the economy. Even though this category accounts for less than 1.0% of the total connections, an impact on the Company's total billing was felt because the average rates of this group are higher than those of the other categories;
- the suspension of the sewage tariff collection in Guaxupé and Lavras due to a court decision on the matter.

The net revenues from water and sewage totaled R $ 735.1 million in 1Q15, a decrease of 6.9% over the R $ 789.3 million in 1Q14, while in 1Q13 this amount was R $ 730.9 million, with the following composition in the quarters under comment:



Costs and expenses

Discrimination (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Cost of services rendered + selling and administrative expenses	**634,321**	**583,181**	**520,620**	**8.8%**	**12.0%**
Personnel	293,241	261,698	230,175	12.1%	13.7%
Depreciation and amortization	133,880	113,869	99,743	17.6%	14.2%
Electric power	69,218	61,596	52,438	12.4%	17.5%
Outsourced services	85,574	88,461	85,151	-3.3%	3.9%
Materials	34,039	33,227	28,716	2.4%	15.7%
Sundry operating costs	7,786	11,011	12,145	-29.3%	-9.3%
Tariffs transferred to municipalities	16,318	17,241	16,859	-5.4%	2.3%
Impairment of trade receivables	22,522	19,959	15,130	12.8%	31.9%
Tax credits	(28,257)	(23,881)	(19,737)	18.3%	21.0%
Cost of services rendered + selling and administrative expenses (excluding depreciation/amortization)	**500,441**	**469,312**	**420,877**	**6.6%**	**11.5%**

Comments on company performance

Regarding the Cost of Services Rendered, Selling and Administrative Expenses, it is worth mentioning:

Personnel
The increase in personnel costs in 1Q15 compared to 1Q14 was due mainly to:

- the effects of the collective bargaining agreement signed, with a base date of May 1, considering that salaries and benefits have been adjusted by the National Consumer Price Index (INPC), which changed by R$ 5.82%, while the meal ticket has been adjusted by 10%;
- a 5.9% increase in the number of employees of the Company (+700 employees) in the last 12 months, who were hired between October and December 2014; and
- an increase of approximately R$ 4.5 million in expenditures with the new corporate health plan.

Depreciation and amortization
In 1Q15, depreciation and amortization increased by 17.6%. This was due to the start of a depreciation/amortization of assets which were "in progress" and became assets "in operation" upon the termination of construction works, that is, which were incorporated into the basis of the Company's assets.

Electric energy
The electricity expense in 1Q15 was impacted by the 14.6% increase in the rates that occurred in April 2014 and the beginning of the collection of tariff flags from January 2015. When comparing 1Q14 with 1Q13, it can be noted that the increase in the item was caused by the increase in electricity prices that occurred in April 2013, the change in the classification criteria adopted for hours characterized as "peak hours", also in April 2013, and the 5.9% increase in energy consumption by the Company in the period.

Outsourced services
The decrease of 3.3% in the item is mainly associated with:

- a decrease in expenses connected with the conservation and maintenance of system assets. In 1Q14, such expenses had risen compared to 1Q13 mainly as a result of contractual adjustments, which were absent in 2015; and
- a reduction in professional technical services in 22.5%, due to new strategic directions for economic viability of the Company.

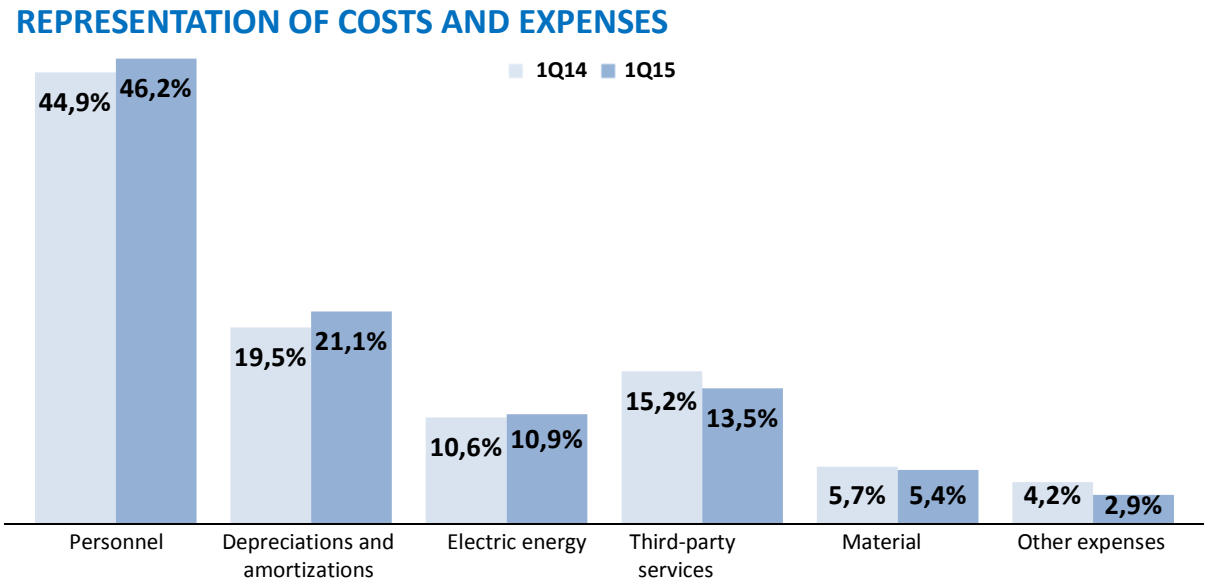
Materials
The 2.4% increase in expenses with materials in 1Q15 is mainly associated with the increase in expenditures connected with fuel and lubricants. This was due to the higher demand for drilling wells, as a result of the dry season. This increase was lower than the 15.7% increase observed between 1Q13 and 1Q14, during which there was a worsening of water quality in various regions of the State, leading to the need for a greater use of chemicals in the treatment process.

Sundry operating costs
The variation of -29.3% is mainly associated with the non-recurrence in 1Q15 an advance payment due to collection for the use of water resources. This collection, which should have been paid in 2Q14, was prepaid, burdening 1Q14 and causing the decrease observed in the item in the comparative periods.

Tax credits
The increase of 18.3% in tax credits is primarily due to the increase in energy expenditures (associated largely with tax readjustments in the period) and crediting based on acquisition costs and charges resulting from the depreciation of machinery, equipment and other property, due to its incorporation into property, plant and equipment.

Comments on company performance

Following is a representation of the main items in the total of the Company's costs and expenses in 1Q14 and 1Q15.



Other operating income and expenses

Other operating income
The increase of 40.9% in 1Q15 is mainly associated with the change in the accounting procedure for the reimbursement of corporate health plan expenses related to the co-participation of plan beneficiaries, which are now recognized as compensation income under "other operating income" and are no longer deducted from personnel expenses.

Other operating expenses
The increase reflects the growth in the amounts accrued for litigation in light of new claims, and monetary restatement and risk reclassification of existing processes, occurred in 1Q15. It should be noted that, in 1Q14, the increase in the inspection fee of ARSAE-MG, due to amendments, in August 2013, in the law of the creation of the agency, caused other operating expenses to increase by 29.1% compared to 1Q13.

Discrimination (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Other operating income	**26,707**	**18,959**	**11,178**	**40.9%**	**69.6%**
Revenue from technical services	117	1,021	442		
Reversal of non-deductible provision	3,203	4,587	905		
Recovery of accounts written-off	11,483	9,602	7,466		
Other income	11,904	3,749	2,365		
Other operating expenses	**(27,724)**	**(25,221)**	**(19,531)**	**9.9%**	**29.1%**
Non-recurring or unusual losses	(17,103)	(14,203)	(9,297)		
Other expenses	(10,621)	(11,018)	(10,234)		
Total	**(1,017)**	**(6,262)**	**(8,353)**	**-83.8%**	**-25.0%**

Comments on company performance

Equity in the Results of Investees

Equity in the results of investees for 1Q15, compared to 1Q14 and the 1Q13, is as follows.

Synthetic statement of the subsidiaries (R $ thousands)	Águas Minerais			COPANOR			Irrigation services*		
	1Q15	1Q14	1Q13	1Q15	1Q14	1Q13	1Q15	1Q14	1Q13
Net sales and/or services revenue	759	818	1,019	5,065	4,129	3,604	-	-	980
Other operating income	126	223	199	700	253	346	112	32	9
Operating costs and expenses	(2,030)	(2,784)	(4,131)	(5,769)	(3,777)	(3,595)	-	(38)	(829)
Other operating expenses	(383)	(777)	(1,107)	(594)	(231)	(53)	(8)	(18)	(96)
Finance income (costs), net	-	(2)	(18)	(387)	(309)	(178)	-	(21)	(9)
Income tax and social contribution	-	-	-	-	-	(94)	-	-	(13)
Profit (loss)	**(1,528)**	**(2,522)**	**(4,038)**	**(985)**	**65**	**30**	**104**	**(45)**	**42**

*The subsidiary COPASA Serviços de Irrigação S.A. is now being wound up.

Synthetic statement of the subsidiaries (R $ thousands)	TOTAL		
	1Q15	1Q14	1Q13
Net sales and/or services revenue	5,824	4,947	5,603
Other operating income	938	508	554
Operating costs and expenses	(7,799)	(6,599)	(8,555)
Other operating expenses	(985)	(1,026)	(1,256)
Finance income (costs), net	(387)	(332)	(205)
Income tax and social contribution	-	-	(107)
Profit (loss)	**(2,409)**	**(2,502)**	**(3,966)**

Finance Result, net

Finance income

Finance income increased by 33.4%. This was mainly due to foreign exchange restatement on assets in U.S. dollars that will settle the last installment payable of the debt in 2024, and the capitalization of financial assets due to the early concession renewal, in particular the award of the city of Três Corações.

Finance costs

The 66.8% increase in finance costs is mainly due to the increase in interest on loans due to the higher indebtedness of the Company and the devaluation of the Real in 1Q15.

Comments on company performance

Finance result (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Finance income	**30,585**	**22,924**	**22,255**	**33.4%**	**3.0%**
Monetary and foreign exchange variations	14,747	10,829	3,546		
Interest	1,379	1,085	4,082		
Actual gain on financial investments	8,183	7,588	10,251		
Capitalization of financial assets/other	6,276	3,422	4,376		
Finance costs	**(111,899)**	**(67,089)**	**(59,481)**	**66.8%**	**12.8%**
Monetary and foreign exchange variations	(52,060)	(15,231)	(14,376)		
Interest on financing	(59,744)	(51,755)	(45,001)		
Sundry	(95)	(103)	(104)		
Finance result, net	**(81,314)**	**(44,165)**	**(37,226)**	**84.1%**	**18.6%**

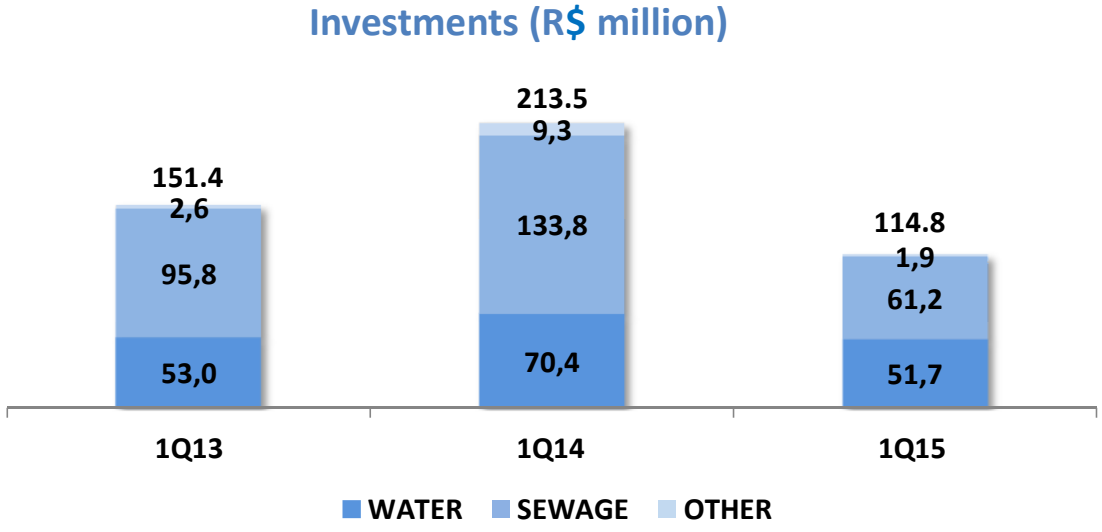
Profit

The decline in profit is due to the reduction in net sales, as a result of water scarcity on the billed volume and the increase in the Company's costs and expenses. Profit was also impacted by higher financial expenses, reflecting the increase in the Company's debt and the devaluation of the real.

Profit (R$ thousand)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
(a) Operating result	**98,558**	**195,458**	**193,987**	**-49.6%**	**0.8%**
(b) Not-operating result	**(82,108)**	**(78,845)**	**(77,616)**	**4.1%**	**1.6%**
Finance costs, net	(81,314)	(44,165)	(37,226)	84.1%	18.6%
Provision for Income tax and Social contribution	(794)	(34,680)	(40,390)	-97.7%	-14.1%
Profit (a) + (b)	**16,450**	**116,613**	**116,371**	**-85.9%**	**0.2%**
Earnings (loss) per share (R$)	**0.14**	**0.98**	**0.98**	**-85.9%**	**0.2%**

Investments

Direct investments of COPASA MG, in 1Q15, reached R$ 114.8 million, as illustrated in the following chart:



Comments on company performance

As regards investments in Water Supply Systems in 1Q15, we can highlight the following:

- work to improve the connection of the north-west water main in the metropolitan region of Belo Horizonte; and expansion of the production capacity of the Rio das Velhas System in the metropolitan region of Belo Horizonte;
- an expansion of the water supply system capacity in several locations, mainly: Sabará/Roça Grande, São Gotardo, Teófilo Otoni, Ubá and Vespasiano.

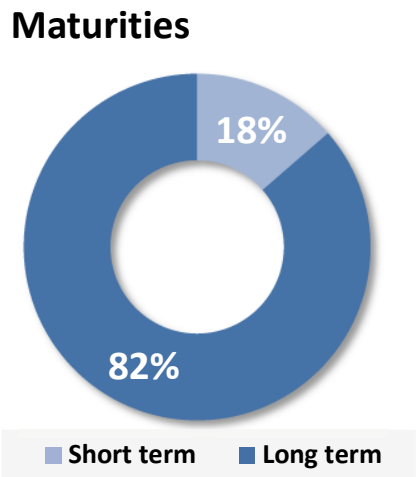
Regarding Sewage Systems, we can highlight:

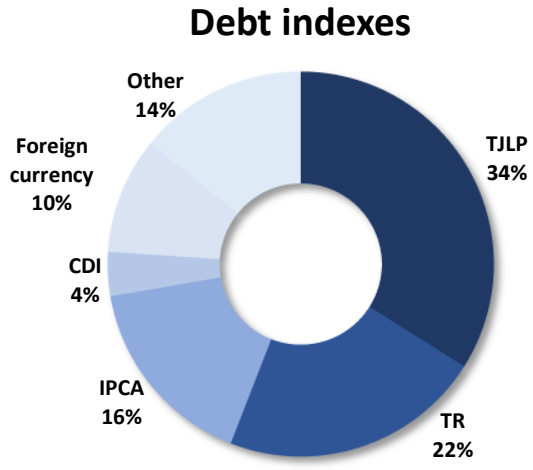
- work to expand the Sewage Systems of Belo Horizonte/Contagem, Brumadinho, Jaboticatubas, Ibirité, Ribeirão das Neves and the Sewage Treatment Plant of Ribeirão Arrudas (STP Arrudas);
- construction work on Sewage Treatment Plants in Camanducaia, Diamantina, Ibirité, Mateus Leme, Prados, Resende Costa and São Joaquim de Bicas; and
- the implementation of the Sewage Treatment Systems of Itacarambi, Morada Nova de Minas, Patos de Minas, Pedras de Maria da Cruz, Prudente de Moraes and Várzea da Palma.

In addition, R$ 94.7 million was invested under the Public-Private Partnership to expand the Producer System of Rio Manso, which is a component of the producer drinking water system in the metropolitan region of Belo Horizonte. These resources come from the private partner of the venture.
For 2015, the Investment Program of COPASA MG and its subsidiaries has been redefined, as decided during the Ordinary and Extraordinary General Meeting of 4/29/2015, as follows: R$ 600.0 million to COPASA MG (Parent company), R$ 0.4 million to COPASA Águas Minerais de Minas S.A. and R$ 95.0 million to COPANOR, totaling R$ 695.4 million.

Indebtedness

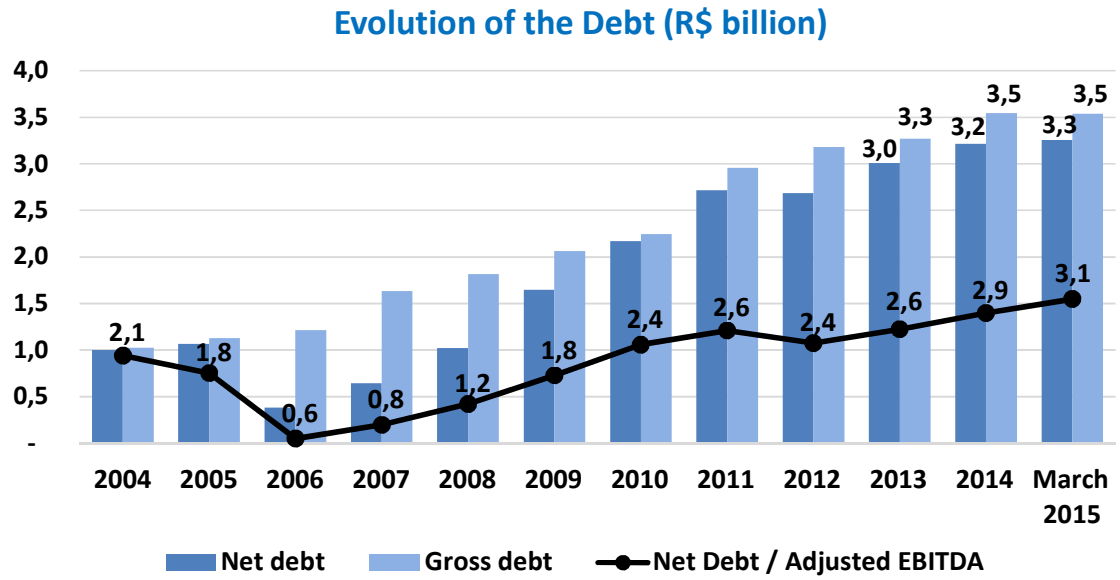
Gross debt of COPASA MG totaled R$ 3.5 billion at March 31, 2015, while net debt reached R$ 3.2 billion. This was distributed as in the following charts:





IPCA – Amplified Consumer Price Index
TR – Reference Rate
TJLP - Long-Term Interest Rate

Comments on company performance



Given the current industry environment, COPASA MG is reviewing its projections to propose the necessary adjustments in the Debt Policy, contained in the Company's Bylaws, given that the quarter's closing Net Debt / Adjusted EBITDA index reached 3.1x.

Regarding foreign currency debt, which represented 9.8% of gross debt, the Company does not contract hedges due to its long-term profile. However, in relation to the "Federal Government - Bonus" debt, COPASA MG maintains, with Banco do Brazil, a value pledged in reais (R$) which will be corrected up to 2024 by applying the average zero-coupon bonus prices of the Treasury of the United States of America and that will settle the last installment due in 2024 (US$ 25 million). The value of this pledge was R$ 64.9 million at March 31, 2015.

The average coupon of these loans at March 31, 2015, was 7.58% p.a. (7.64% p.a. at March 31, 2014). Some credit lines also have their debt balances pegged to specific indexes, namely: FGTS and Federal Savings and Loans Bank (CEF) funds 5th Issue (TR); National Bank for Economic and Social Development (BNDES) 2nd Series of the 4th Issue, 2nd Series of the 6th Market Debenture Issue and 2nd Series of the 7th Market Debenture Issue (IPCA); 1st Series of the 6th Market Debenture Issue and 1st Series of the 7th Market Debenture Issue (Interbank Deposit Certificate (CDI)); Federal Government (U.S. dollar); and KfW (euro).

It is also worth noting that, at March 31, 2015, COPASA MG had a balance of R$ 610.7 million in funds contracted with BNDES and CEF, and of € 23.9 million with KfW. These amounts will be recorded as they are released and used in the Investment Program.

Comments on company performance

FINANCING FACILITIES (R$ thousand)	FIXED RATE (ANNUAL RATE)	FLOATING RATE (ANNUAL RATE)	CONTRACT EXPIRATION DATE	DEBT BALANCE AT 3/31/2015	%
IN LOCAL CURRENCY:					
FGTS FUNDS*	8.30%	TR	10/16/2037	487,7	13.78%
Government Agency for Machinery and Equipment Financing (FINAME)	3.75%	-	1/15/2025	132,7	3.75%
PROMISSORY NOTES	13.48%	-	12/13/2015	144,8	4.09%
BNDES/BNE	6.57%	TJLP	5/15/2025	552,3	15.60%
BNDES/DEBENTURES 3rd ISSUE	2.30%	TJLP	12/15/2019	226,6	6.40%
BNDES/DEBENTURES 4th ISSUE					
1st SERIES	1.55%	TJLP	7/15/2022	181,6	5.13%
2nd SERIES	9.05%	IPCA	8/15/2022	279,1	7.89%
3rd SERIES	1.55%	TJLP	7/15/2022	240,4	6.79%
CASH/DEBENTURES 5th ISSUE	9.00%	TR	9/1/2031	290,4	8.21%
MARKET DEBENTURES - 6th ISSUE					
1st SERIES	0.94%	100% of the CDI	2/15/2017	115,9	3.28%
2nd SERIES	6.02%	IPCA	2/15/2019	163,2	4.61%
MARKET DEBENTURES - 7th ISSUE					
1st SERIES	-	108.5% of the CDI	4/15/2019	133,3	3.77%
2nd SERIES	7.39%	IPCA	4/15/2021	137,2	3.88%
OTHER OBLIGATIONS:					0.00%
LIBERTAS (SUPPLEMENTARY PENSION PLAN)	6.00%	INPC	11/8/2021	108,2	3.06%
IN FOREIGN CURRENCY:					
FEDERAL GOVERNMENT - BONUS**	4.27%	Dollar	4/10/2024	82,5	2.33%
KfW Bank	2.07%	Euro	6/20/2024	263,8	7.45%
TOTAL LONG-TERM AND SHORT-TERM DEBT				**3,539,6**	**100.00%**
CASH AND CASH EQUIVALENTS				277,2	
NET DEBT				**3,262,4**	

* FGTS funds: CEF, Bradesco, Itaú and Unibanco;
**Average rate (LIBOR + Spread) of several bonuses.

Comments on company performance

QUARTERLY STATEMENT OF INCOME

Quarterly statement of income PARENT COMPANY (R$ thousands)	1Q15	1Q14	1Q13	1Q15 X 1Q14	1Q14 X 1Q13
Operating revenue from services					
Water services	485,686	521,882	482,342	-6.9%	8.2%
Sewage services	249,441	267,377	248,594	-6.7%	7.6%
Construction revenue (thousands of R$)	164,361	159,156	126,513	3.3%	25.8%
NET OPERATING REVENUE FROM SERVICES	**899,488**	**948,415**	**857,449**	**-5.2%**	**10.6%**
Cost of services rendered	(456,923)	(419,930)	(379,148)	8.8%	10.8%
Construction costs	(161,865)	(154,384)	(122,618)	4.8%	25.9%
	(618,788)	**(574,314)**	**(501,766)**	**7.7%**	**14.5%**
GROSS PROFIT	**280,700**	**374,101**	**355,683**	**-25.0%**	**5.2%**
Selling expenses	(67,769)	(60,421)	(51,704)	12.2%	16.9%
General and administrative expenses	(109,629)	(102,830)	(89,768)	6.6%	14.6%
Other operating income	26,707	18,959	11,178	40.9%	69.6%
Other operating expenses	(27,724)	(25,221)	(19,531)	9.9%	29.1%
Employee profit sharing	(1,318)	(6,628)	(7,905)	-80.1%	-16.2%
Equity in the results of subsidiaries	(2,409)	(2,502)	(3,966)	-3.7%	-36.9%
OPERATING REVENUE/EXPENSES	**(182,142)**	**(178,643)**	**(161,696)**	**2.0%**	**10.5%**
PROFIT BEFORE FINANCE INCOME (COSTS) AND TAXATION	**98,558**	**195,458**	**193,987**	**-49.6%**	**0.8%**
Finance income	30,585	22,924	22,255	33.4%	3.0%
Finance costs	(111,899)	(67,089)	(59,481)	66.8%	12.8%
FINANCE RESULT	**(81,314)**	**(44,165)**	**(37,226)**	**84.1%**	**18.6%**
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**17,244**	**151,293**	**156,761**	**-88.6%**	**-3.5%**
Provision for income tax	(474)	(25,308)	(29,468)	-98.1%	-14.1%
Provision for social contribution	(320)	(9,372)	(10,922)	-96.6%	-14.2%
PROFIT FOR THE QUARTER	**16,450**	**116,613**	**116,371**	**-85.9%**	**0.2%**
Outstanding shares at the end of the period	119,327,217	119,327,217	119,327,217	0.0%	0.0%
PROFIT PER SHARE (in R$)	**0.14**	**0.98**	**0.98**	**-85.7%**	**0.0%**

Comments on company performance

BALANCE SHEET

Balance Sheet - Parent Company ASSETS (R$ thousands)	3/31/2015	3/31/2014	3/31/2013	3/31/2015X 3/31/2014	3/31/2014X 3/31/2013
CURRENT ASSETS					
Cash and cash equivalents	277,193	196,526	508,771	41.0%	-61.4%
Trade receivables	661,028	711,839	602,464	-7.1%	18.2%
Inventories	41,988	34,327	32,129	22.3%	6.8%
Taxes to be offset	25,224	23,468	21,347	7.5%	9.9%
Technical cooperation agreements	40,067	629	-	n.m.	n.m
Bank account - agreements	23,520	32,804	60,293	-28.3%	-45.6%
Sundry receivables	30,488	24,929	43,523	22.3%	-42.7%
Total current assets	**1,109,508**	**1,024,522**	**1,268,527**	**7.3%**	**-19.2%**
NON-CURRENT ASSETS					
Long-term receivables:					
Trade receivables	189,185	206,450	215,807	-8.4%	-4.3%
Collateral for financing	164,674	133,529	132,314	23.3%	0.9%
Restricted investments	97,261	96,318	177,865	1.0%	-45.8%
Available-for-sale assets	40,748	48,638	29,879	-16.2%	62.8%
Receivables from subsidiaries	17,012	111,594	112,304	-84.8%	-0.6%
Deferred income tax and social contribution	155,064	123,242	181,188	25.8%	-32.0%
Financial assets	548,477	537,445	397,832	2.1%	35.1%
Sundry receivables	49,454	46,045	39,956	7.4%	15.2%
	1,261,875	**1,303,261**	1,287,145	**-3.2%**	**1.3%**
Permanent					
Investments	12,310	260	260	n.m.	0.0%
Intangible assets	7,679,169	6,979,684	6,524,542	10.0%	7.0%
Property, plant and equipment	190,570	207,242	173,881	-8.0%	19.2%
	7,882,049	7,187,186	6,698,683	9.7%	7.3%
Total non-current assets	**9,143,924**	**8,490,447**	**7,985,828**	**7.7%**	**6.3%**
TOTAL ASSETS	**10,243,432**	**9,514,969**	**9,254,355**	**7.7%**	**2.8%**

Comments on company performance

BALANCE SHEET

Balance Sheet - Parent Company LIABILITIES (R$ thousand)	3/31/2015	3/31/2014	3/31/2013	3/31/2015X 3/31/2014	3/31/2014X 3/31/2013
CURRENT LIABILITIES					
Trade payables	91,639	130,189	140,134	-29.6%	-7.1%
Taxes and contributions	41,243	58,637	62,727	-29.7%	-6.5%
Borrowings	339,146	195,804	225,255	73.2%	-13.1%
Debentures	287,605	263,644	202,298	9.1%	30.3%
Employee profit sharing	21,186	39,392	35,861	-46.2%	9.8%
Provision for vacation pay and 13th month salary	108,609	99,433	91,205	9.2%	9.0%
Taxes payable in installments	48,303	41,990	36,474	15.0%	15.1%
Technical cooperation agreements	-	-	33,816	n.m.	n.m
Retirement benefit obligations	23,630	21,429	19,784	10.3%	8.3%
Interest on capital	5,574	66,391	82,074	-91.6%	-19.1%
Electric power	4,122	5,959	7,922	-30.8%	-24.8%
Other obligations	30,818	18,921	12,964	62.9%	46.0%
Total current liabilities	**1,001,875**	**941,789**	**950,514**	**6.4%**	**-0.9%**
NON-CURRENT LIABILITIES					
Long-term liabilities:					
Borrowings	1,324,578	1,222,292	1,141,292	8.4%	7.1%
Debentures	1,480,088	1,410,230	1,458,206	5.0%	-3.3%
Public-Private Partnership	368,902	-	-	n.m.	n.m
Provision for claims in litigations	124,630	83,374	69,954	49.5%	19.2%
Taxes payable in installments	189,185	206,450	215,807	-8.4%	-4.3%
Retirement benefit obligations	123,543	106,884	261,792	15.6%	-59.2%
Provision for investment losses	14,052	88,848	83,135	-84.2%	6.9%
Other obligations	71,745	39,241	59,771	82.8%	-34.3%
Total non-current liabilities	**3,696,723**	**3,157,319**	**3,289,957**	**17.1%**	**-4.0%**
EQUITY					
Paid-up share capital	2,773,985	2,773,985	2,773,985	0.0%	0.0%
Treasury shares	-8,576	-8,576	-8,576	0.0%	0.0%
Revenue reserves	2,726,965	2,508,330	2,198,133	8.7%	14.1%
Carrying value adjustments	39,677	59,286	-29,110	-33.1%	n.m
Retained earnings	12,783	82,836	79,452	-84.6%	4.3%
TOTAL EQUITY	**5,544,834**	**5,415,861**	**5,013,884**	**2.4%**	**8.0%**
TOTAL LIABILITIES AND EQUITY	**10,243,432**	**9,514,969**	**9,254,355**	**7.7%**	**2.8%**

Comments on company performance

CASH FLOWS

Parent company cash flows (R$ thousands)	3/31/2015	3/31/2014	3/31/2013
Cash flows from operating activities			
Profit for the year	**16,450**	**116,613**	**116,371**
Adjustments to reconcile profit to net cash provided			
Provision for the impairment of trade receivables	22,522	19,959	15,110
Recovery of accounts written-off	(11,483)	(9,602)	(7,466)
Charges and monetary/foreign exchange variations, net	32,544	42	1,104
Interest income and expenses	57,540	49,129	42,911
Deferred income tax and social contribution	(18,632)	(2,570)	(5,132)
Equity in the results of subsidiaries	2,409	2,502	3,966
Net disposal of intangible assets and property, plant and equipment	79	3,016	7,073
Depreciation and amortization	133,880	113,869	99,743
Constitution (reversal) of provisions	14,402	7,961	7,106
Provision for retirement benefit obligations	11,711	10,044	16,797
Financial assets	-	-	(52)
Deferred income	-	(1,713)	-
Net margin of construction revenue	(2,496)	(4,772)	(3,895)
Adjusted profit	**258,926**	**304,478**	**293,636**
Decrease (increase) in operating assets			
Trade receivables	27,832	(13,096)	(17,401)
Inventories	(737)	159	992
Recoverable taxes	(5,395)	(185)	(176)
Banks and investments in connection with agreements	973	3,884	(12,813)
Collateral for financing	(13,595)	986	1,399
Investments of marketable securities/ restricted investments	-	-	-
Redemption of marketable securities/ restricted investments	1,399	3,582	-
Receivables from subsidiaries	(825)	(1,127)	(5,175)
Other financial assets	(2,983)	(3,173)	(7,023)
Other	(2,409)	9,954	(3,408)
Increase (decrease) in operating liabilities			
Trade payables	(22,794)	(5,149)	(17,263)
Taxes, contributions and social charges	(9,046)	4,873	15,434
Provision for vacation pay and 13th month salary	10,173	7,410	6,552
Employee profit sharing	1,318	6,305	7,893
Technical cooperation agreements	(2,673)	(7,176)	1,965
Contingencies	(3,530)	(1,061)	(1,084)
Retirement benefit obligations	(14,850)	(14,148)	(13,271)
Electric energy/other	(4,950)	3,773	2,767
Interest paid	(59,277)	(62,473)	(60,684)
Payments of actuarial liabilities	(5,431)	(5,084)	(5,623)
Taxes paid in installments	(11,926)	(10,357)	(8,986)
Redemption of financial assets and restricted investment	-	-	21,959
Net cash provided by operating activities	**140,200**	**222,375**	**199,690**
Cash flows from investing activities			
Addition to intangible assets and purchase of property, plant and equipment	(133,104)	(218,378)	(144,688)
Net cash used in investing activities	**(133,104)**	**(218,378)**	**(144,688)**
Cash flows from financing activities			
New borrowings and debentures	77,498	86,067	39,973
Amortization of borrowings and debentures	(134,931)	(154,007)	(77,907)
Interest on capital paid	(1,538)	(12)	(2,449)
Payment of principal and concession debt interest	-	-	(2,273)
Net cash used in financing activities	**(58,971)**	**(67,952)**	**(42,656)**
Increase (decrease) in cash and cash equivalents	**(51,875)**	**(63,955)**	**12,346**
Cash and cash equivalents at the beginning of the year	**329,068**	**260,481**	**496,425**
Cash and cash equivalents at the end of the year	**277,193**	**196,526**	**508,771**

Comments on company performance

About COPASA MG

The main activities of COPASA MG include the planning, preparation and execution of projects, and the expansion and operation of sanitation services. In addition, the Company conducts technical cooperation services in several municipalities of Minas Gerais, including those in which it does not have concessions. COPASA MG focuses its activities in Minas Gerais, which is the third most economically productive state in Brazil. COPASA MG's shares have been traded since February 2006 in the New market, which is the highest corporate governance segment of the São Paulo Commodities, Futures and Stock Exchange (BM&FBovespa), under the CSMG3 code.

Contact

Companhia de Saneamento de Minas Gerais - COPASA MG
Rua Mar de Espanha, 525
Belo Horizonte - MG
30330-900
Tel.: +55 (31) 3250-2015.

Edson Machado Monteiro
Financial and Investor Relations Officer
E-mail: ri@copasa.com.br

This document may contain forward-looking statements relating to the prospects of COPASA MG business. These are merely projections and, as such, are based exclusively on the expectations of COPASA MG for the future of the business. These estimates are subject to risks, uncertainties and assumptions, including, among others: general economic, political, financial and business conditions in our markets. Prospective investors are cautioned that these forecasts are no guarantee of future performance and involve risks and uncertainties.

Companhia de Saneamento de Minas Gerais - COPASA MG

Notes to the quarterly information at March 31, 2015 and 2013
All amounts in thousands of reais unless otherwise stated

01. Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "Parent company" or "Company") is a publicly-traded, mixed-capital (public/private) company, controlled by the Government of the State of Minas Gerais, having its registered office in the city of Belo Horizonte at Rua Mar de Espanha 525, Bairro Santo Antônio. The Company is engaged in planning, designing, performing, expanding, remodeling, managing and providing public services comprising water supply and sewage services, and is permitted to operate 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.

At March 31, 2015, COPASA MG had the following wholly-owned subsidiaries:

Copasa Águas Minerais de Minas S/A ("Águas Minerais") - established by State Law 16, 693, of January 11, 2007, engaged in the production, bottling, distribution and sale of mineral water from the springs it owns or has licenses to explore, and managing and exploring the water and spring parks of Caxambu, Araxá, Cambuquira and Lambari.

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

Copasa Serviços de Irrigação S/A ("Serviços de Irrigação") - established by State Law 16, 698, of April 17, 2007, engaged in managing, executing and exploring the irrigation systems of the Jaíba Project, and conducting maintenance, using both its own and outsourced personnel and resources. This subsidiary may contract, whenever economically viable, through regular bidding processes, services and construction work necessary to the operation of the system, and may purchase products, equipment and materials required for the performance of its activities.

In compliance with Minas Gerais State Government Decree 46, 080, dated November 12, 2012, the Executive Board of Copasa Serviços de Irrigação SA considered that the responsibilities imposed by State Law 16,698, dated April 17, 2007, had been met. Therefore, the necessary measures for the transfer of management of the Jaíba II Project to Distrito de Irrigação do Jaíba (DIJ) were concluded on March 2, 2013, upon termination of service agreement 460/12 entered into with RURALMINAS on September 3, 2012. Management is working to close the operations of Copasa Serviços de Irrigação S.A. with the mercantile company registration agencies.

Explanatory Notes

At March 31, 2015, the Company operates in 897 places in the State of Minas Gerais (894 in December 2014) providing water supply or sewage services, totaling approximately 4,826,265 connections (4,789,035 in December 2014). The twenty main water supply and sewage service concessions that the Company holds are as follows:

Water concessions			Sewage concessions		
Location	**Number of connections**	**Maturity**	**Location**	**Number of connections**	**Maturity**
Belo Horizonte	1,000,275	2034	Belo Horizonte	965,151	2034
Contagem	237,821	2073	Contagem	211,574	2073
Betim	145,838	2042	Montes Claros	137,666	2028
Montes Claros	136,690	2028	Betim	118,109	2042
Ribeirão das Neves	102,411	2034	Ipatinga	91,178	2022
Divinópolis	93,335	2041	Divinópolis	82,857	2041
Ipatinga	84,539	2022	Ribeirão das Neves	77,953	2034
Santa Luzia (i)	71,501	2013	Patos de Minas	57,238	2038
Patos de Minas	57,635	2038	Santa Luzia (i)	56,379	2013
Ibirité	53,963	2034	Pouso Alegre	52,240	2046
Pouso Alegre	52,652	2046	Varginha (i)	50,724	2013
Conselheiro Lafaiete	51,714	2044	Conselheiro Lafaiete	44,809	2044
Varginha (i)	51,708	2013	Ibirité	42,538	2034
Teófilo Otoni	43,907	2044	Araxá	40,005	2032
Sabará	43,302	2042	Teófilo Otoni	38,389	2044
Lavras	41,432	2034	Itajubá	34,306	2034
Araxá	41,073	2032	Sabará	33,009	2042
Nova Lima	37,778	2028	Alfenas	32,614	2033
Ubá (i)	36,798	2014	Coronel Fabriciano	31,732	2033
Itajubá	36,561	2034	Nova Serrana	30,175	2040

(i) The concession agreements entered into with some of the aforementioned municipalities have expired, and the Company is currently negotiating the renewal of these agreements with the related municipalities. The data related to the water and sewage billing from January to December in these municipalities is as follows:

Municipality	Expiry	Water and sewage billing (R$)		% on billing	
		3/31/2015	12/31/2014	3/31/2015	12/31/2014
Varginha	9/1/2013	11,530	49,110	1.31	1.34
Santa Luzia	12/1/2013	12,359	50,895	1.40	1.39
Ubá	2/1/2014	3,744	17,140	0.42	0.47

At March 31, 2015, 80 concessions have expired (79 in December 2014) representing around 8.92% of the Company's total connections (8.84% in December 2014) and the renewal procedures of which are currently under negotiation with the related municipalities. Management estimates that new concession agreements will be entered into for all expired concessions that are yet to be renewed. Therefore, there is no risk of discontinuation of water supply and sewage services rendered in these municipalities.

On May 12, 2015, the Executive Board of the Company authorized the issue of the parent company and consolidated quarterly information at March 31, 2015.

Explanatory Notes

02. Presentation of interim accounting information

The parent company and consolidated quarterly information is presented in thousands of Brazilian Reais (R$ 000), unless otherwise stated.

2.1. Basis of preparation

The Company's interim financial information comprises parent company and consolidated interim information and is prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil, identified as "Parent company" and "Consolidated".

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporation Law and in the Pronouncements, Guidance and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM).

The interim parent company information discloses investments in subsidiaries under the equity method of accounting, in accordance with prevailing legislation and in conformity with IFRS.

This interim accounting information should be read in conjunction with the financial statements of the Company for the year ended December 31, 2014.

03. Summary of significant accounting policies

The main accounting policies applied to the preparation of this interim accounting information are consistent with the policies described in Note 3 to the financial statements of the Company for the year ended December 31, 2014, filed with the CVM. These policies have been consistently applied to the periods presented, unless otherwise stated.

04. Public service concession agreements

At March 31, 2015, the Company holds public utility concessions for water supply and sewage services in 897 locations in the State of Minas Gerais. The concession agreements and/or program agreements are executed with each municipality for periods ranging from 30 to 99 years, and all are fairly similar in terms of the rights and obligations of the holder and concession authority.

The tariff system for water supply and sewage services is controlled by the Minas Gerais State Regulatory Water and Wastewater Agency (ARSAE-MG). These tariffs are intended to maintain the Company's financial and economic balance, pursuant to Federal Law 11,445/07. Therefore, ARSAE-MG is responsible for periodically reviewing these tariffs and for annually determining any required readjustments, in order to realign tariff prices with inflation. Services are charged directly to users, based on the volume of water consumed and sewage collected multiplied by the authorized tariff.

Explanatory Notes

The main concession terms and major changes in concession agreements for the period ended March 31, 2015 are described in Note 1.

At March 31, 2015, the Company had accounts receivable from grantors (the municipalities) totaling R$ 548,477, which correspond to the amounts expected to be received at the end of the concession period (R$ 558,964 in December 2014) for assets which were not depreciated over the concession period. These amounts were discounted to their present value upon initial recognition using the weighted average cost of capital (WACC) rates linked to the respective accounts receivable. Intangible assets were accounted for based on the difference between the fair value of the assets constructed or acquired for the purpose of the concession services and the carrying value of the financial assets recognized.

Below are the results of the construction services performed by the Company during the periods:

	Parent Company/Consolidated	
	3/31/2015	**3/31/2014**
Construction revenue	164,361	159,156
Construction costs	(161,865)	(154,384)

05. Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Cash and banks	35,665	49,509	36,022	51,480
Short-term bank deposit certificates	241,528	279,559	242,001	279,559
Total	**277,193**	**329,068**	**278,023**	**331,039**

As at March 31, 2015 there were no changes in the nature and conditions of cash and cash equivalents compared to the disclosures made in Note 6 to the financial statements for the year ended December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

Explanatory Notes

06. Trade and other receivables

(a) Trade receivables

The aging of trade receivables is as follows:

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Not yet due	175,517	196,575	178,285	199,674
Up to 30 days past due	69,398	71,479	70,141	72,209
From 31 to 60 days past due	43,156	38,286	43,719	38,766
From 61 to 90 days past due	18,958	20,011	19,227	20,348
From 91 to 180 days past due	34,290	30,117	34,996	30,844
Over 180 days past due	27,499	21,864	27,657	22,029
Billed amounts	368,818	378,332	374,025	383,870
Unbilled amounts	325,456	338,021	326,062	338,702
Trade receivables	694,274	716,353	700,087	722,572
(-) Provision for impairment of trade receivables	(33,246)	(30,268)	(34,929)	(31,846)
	661,028	686,085	665,158	690,726
Accounts receivable - non-current (i)	189,185	197,511	189,185	197,511
Trade receivables, net	**850,213**	**883,596**	**854,343**	**888,237**

(i) Refers to a compensation agreement entered into with the Belo Horizonte Municipal Government, as described in Note 11 of the financial statements of the Company for the year ended December 31, 2014.

Trade and other receivables are denominated only in reais and there are no accounts receivable in foreign currencies.

At March 31, 2015, the trade receivables of the parent company and consolidated of R$ 690,158 and R$ 693,532 (R$ 732,107 and R$ 735,887 in December 2014), respectively, were fully performing.

At March 31, 2015, the trade receivables of customers of the parent company totaling R$ 160,055 (R$ - 151,489 in December 2014) and consolidated trade receivables totaling R$ 160,811 (R$ 152,350 in December 2014) were past due, but not provisioned. These include a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Up to 3 months	115,895	114,047	116,218	114,410
3 to 6 months	31,083	28,330	31,488	28,795
Over 6 months	13,077	9,112	13,105	9,145
Total	**160,055**	**151,489**	**160,811**	**152,350**

Explanatory Notes

At March 31, 2015, the parent company trade receivables, which totaled R$ 33,246 (R$ 30,268 in December 2014), and consolidated trade receivables of R$ 34,929 (R$ 31,846 in December 2014) were impaired. The individually impaired receivables mainly relate to customers who are healthcare providers and for whom COPASA, in accordance with current legislation, cannot interrupt water supply and sewage services. Based on management's assessment, a portion of these accounts receivable may be recovered.

The ageing of these receivables is as follows:

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Not yet due	1,618	1,553	1,701	1,634
Up to 30 days past due	1,938	1,797	2,036	1,891
Overdue from 31 to 60 days	1,671	1,741	1,756	1,831
Overdue from 61 to 90 days	1,317	1,714	1,384	1,804
Overdue from 91 to 180 days	5,407	5,108	5,681	5,375
Overdue from 181 to 360 days	11,405	10,510	11,982	11,057
Over 360 days past due	9,890	7,845	10,389	8,254
Total	**33,246**	**30,268**	**34,929**	**31,846**

The following table summarizes the changes in the provision for impairment of trade receivables:

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
At January 1	**30,268**	**23,336**	**31,846**	**24,004**
Provision for impairment of trade receivables	22,522	92,358	23,382	95,377
Receivables written off during the year as uncollectible	(19,544)	(85,426)	(20,299)	(87,535)
At March 31	**33,246**	**30,268**	**34,929**	**31,846**

The provision for impairment of receivables was recognized in the statement of income as selling expenses. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(b) Other receivables

The other classes of receivables have no impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned below. The Company maintains tariff revenue as collateral for financing (letter "e" of Note 20.1 of the Company's Financial Statements for the year ended December 31, 2014).

Explanatory Notes

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Collateral for borrowings and debentures	164,674	137,208	164,674	137,208
Receivables from subsidiaries	17,012	16,432	-	-
Restricted investments - Water Basin Depollution Program (PRODES)	63,515	48,945	63,515	48,945
Restricted investments - debentures	33,746	32,829	33,746	32,829
Available-for-sale financial assets	40,748	40,748	40,748	40,748
Other	49,454	49,333	49,713	49,603
Total	**369,149**	**325,495**	**352,396**	**309,333**
Non-current assets	**(369,149)**	**(325,495)**	**(352,396)**	**(309,333)**
Current assets	-	-	-	-

At March 31, 2015, except for the item described below, there were no other changes in the nature and conditions of trade and other receivables compared to the disclosures made in Note 7 to the Company's financial statements for the year ended December 31, 2014.

On March 25, 2015 the Company received transfers in the amount of R$ 2,809, R$ 6,437 and R$ 5,358, from the National Water Agency - ANA, in return for the Federal Government participation in the construction of the sewage treatment plants Timóteo/Coronel Fabriciano, Caratinga and Ribeirão das Neves-headquarters, respectively (Note 10).

07. Investments

At March 31, 2015, subsidiary Águas Minerais has equity of R$ 12,050, which is recorded under "investments" (R$ 13,578 at December 31, 2014). The subsidiaries COPANOR and Serviços de Irrigação had a net capital deficiency of R$ 14,052 (R$ 13,171 at December 31, 2014), for which the parent company recorded a provision for losses in non-current related party liabilities as "Provision for investment losses".

The changes in the provision for investment losses are as follows:

	12/31/2014	Equity accounting	3/31/2015
Águas Minerais	13,578	(1,528)	12,050
COPANOR	(12,993)	(985)	(13,978)
Serviços de Irrigação	(178)	104	(74)
Total	**407**	**(2,409)**	**(2,002)**

As at March 31, 2015, there were no changes in the nature and conditions of investments in relation to the disclosures made in Note 8 to the Financial Statements as at December 31, 2014,

Explanatory Notes

08. Intangible assets

(a) The changes in intangible assets were as follows:

	Parent company						
	Systems of						
	Water	Sewage	Common use (i)	Use rights	Other	In progress	Total
At December 31, 2014	**2,069,253**	**3,172,649**	**257,609**	**240,674**	**79,723**	**1,738,969**	**7,558,877**
Additions	10,302	11,372	7,722	3,841	16,224	85,749	**135,210**
Disposals	-	-	-	-	(69)	(7)	**(76)**
Amortization	(44,096)	(52,038)	(22,347)	(4,699)	(810)	-	**(123,990)**
Public-Private Partnership (PPP) - Rio Manso	-	-	-	-	-	89,017	**89,017**
Capitalized interest	-	-	-	-	-	7,079	**7,079**
Transfers to financial assets	946	11,816	(75)	37	746	-	**13,470**
Transfers	39,121	137,841	9,504	21,258	(1,633)	(210,702)	**(4,611)**
Other	1,836	1,499	18	38	803	(1)	**4,193**
At March 31, 2015	**2,077,362**	**3,283,139**	**252,431**	**261,149**	**94,984**	**1,710,104**	**7,679,169**

The amortization for the first quarter of 2015, as allocated to profit (loss), amounted to R$ 122,209 as cost of services rendered, R$ 72 as selling expenses, and R$ 1,709 as administrative expenses (R$ 103,629, R$ 60 and R$ 619, respectively, in the first quarter of 2014).

Explanatory Notes

	Consolidated						
	Systems of						
	Water	Sewage	Common use (i)	Use rights	Other	In progress	Total
At December 31, 2014	**2,069,253**	**3,172,649**	**257,609**	**240,674**	**79,723**	**1,738,969**	**7,558,877**
Additions	10,302	11,372	7,722	3,841	16,224	85,749	**135,210**
Disposals	-	-	-	-	(69)	(7)	**(76)**
Amortization	(44,096)	(52,038)	(22,347)	(4,699)	(810)	-	**(123,990)**
PPP - Rio Manso	-	-	-	-	-	89,017	**89,017**
Capitalized interest	-	-	-	-	-	7,079	**7,079**
Transfers to financial assets	946	11,816	(75)	37	746	-	**13,470**
Transfers	39,121	137,841	9,504	21,258	(1,633)	(210,702)	**(4,611)**
Other	1,836	1,499	18	38	803	(1)	**4,193**
At March 31, 2015	**2,077,362**	**3,283,139**	**252,431**	**261,149**	**94,984**	**1,710,104**	**7,679,169**

The amortization for the year, as allocated to profit (loss), amounted to R$ 122,209 as cost of services rendered, R$ 72 as selling expenses, and R$ 1,709 as administrative expenses (R$ 103,629, R$ 60 and R$ 621, respectively, in 2014).

At March 31, 2015, additions to intangible assets in the amount of R$ 135,210 relate mainly to the expansion works of the Rio Manso system, implementation of the Ibirité sewage treatment system and expanding and improving the sewage system in Cataguases, Mateus Leme, Contagem, São Joaquim de Bicas and Santa Luzia.

(i) Considering that common use systems have specific economic useful lives, these assets are controlled in a separate group named "common use systems", as from 2012.

Explanatory Notes

(b) Public-Private Partnership (PPP)

Rio Manso Production System

COPASA MG and Odebrecht Ambiental - Manso SA, a special-purpose corporation, signed a Public-Private Partnership agreement of the administrative concession type to expand the capacity of the Rio Manso Water Production System, in the metropolitan region of Belo Horizonte, and the provision of services through this system.

This contract is effective for 15 years, from the signature date, that is December 20, 2013.

The contract effectiveness includes: (i) the period for completion of works of, at most, 24 months, and (ii) the subsequent period for the provision of services, which corresponds to 13 years. The established term may be extended under the terms of the law, exclusively for the adjustment of the financial and economic balance of the agreement.

The consideration to which the Special Purpose Entity (SPE) is entitled will be paid from the date of issuance of the authorization for the beginning of the operation.

Measurements of works carried out until March 31, 2015, amounting to R$ 368,902 (R$ 279,885 up to December 31, 2014) were recorded as a debt to intangible assets and a credit to non-current liabilities, in the public-private partnership - Rio Manso account.

This PPP contract is backed by the fiduciary lien of a portion of the revenue accrued from the rendering of public water supply and sewage services, in an amount corresponding, monthly, to 1/12 of the annual amount expected for each effective year of this contract, and also by deposits in a reserve account the minimum balance of which corresponds to 1/6 of the annual amount expected for each effective year of this contract. The balance of this account, recorded as "Collateral for financing", is R$ 13,316 at March 31, 2015 (R$ 10,573 at December 31, 2014).

Explanatory Notes

09. Property, plant and equipment

The changes in property, plant and equipment were as follows:

	Parent company				
	Machinery and equipment	**Vehicles**	**Other**	**Land and buildings**	**Total**
At December 31, 2014	**83,601**	**28,918**	**15**	**82,928**	**195,462**
Additions	390	-	-	-	**390**
Disposals	(3)	-	-	-	**(3)**
Depreciation	(6,517)	(2,458)	(1)	(914)	**(9,890)**
Transfers	1,025	970	-	2,616	**4,611**
At March 31, 2015	**78,496**	**27,430**	**14**	**84,630**	**190,570**

The depreciation for the year, as allocated to profit (loss), amounted to R$ 5,878 in cost of services rendered, R$ 1,562 in selling expenses, and R$ 2,450 in administrative expenses (R$ 5,454, R$ 1,421 and R$ 2,686, respectively, in 2014).

	Consolidated				
	Machinery and equipment	**Vehicles**	**Other**	**Land and buildings**	**Total**
At December 31, 2014	**96,312**	**28,927**	**47**	**87,758**	**213,044**
Additions	390	265	-	-	**655**
Disposals	(3)	(32)	-	-	**(35)**
Depreciation	(7,055)	(2,472)	(3)	(1,012)	**(10,542)**
Transfers	1,025	970	-	2,616	**4,611**
At March 31, 2015	**90,669**	**27,658**	**44**	**89,362**	**207,733**

The depreciation for the year, as allocated to profit (loss), amounted to R$ 6,517 in cost of services rendered, R$ 1,562 in selling expenses, and R$ 2,463 in administrative expenses (R$ 6,090, R$ 1,421 and R$ 2,708, respectively, in 2014).

Explanatory Notes

10. Other obligations

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Taxes, contributions and social charges **(i)**	41,243	50,289	41,854	50,836
Taxes payable in installments	237,488	244,914	237,488	244,914
Deposit for construction **(ii)**	63,526	47,557	63,529	47,560
Other obligations	39,037	41,179	39,166	41,359
Total	**381,294**	**383,939**	**382,037**	**384,669**
Non-current liabilities	**(260,930)**	**(256,803)**	**(260,933)**	**(256,805)**
Current liabilities	**120,364**	**127,136**	**121,104**	**127,864**

The non-current portion is mainly composed of taxes to be paid in installments.

(i) Taxes, contributions and social charges are as follow:

	Parent company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
National Institute of Social Security (INSS)	20,112	20,336	20,416	20,518
Social Contribution on Revenue (COFINS)	10,431	12,381	10,514	12,482
Social Integration Program (PIS)	2,266	2,688	2,284	2,710
Withholding Income Tax (IRRF)	3,396	7,196	3,405	7,229
FGTS	1,103	3,580	1,144	3,626
Other	3,935	4,108	4,091	4,271
Current liabilities	**41,243**	**50,289**	**41,854**	**50,836**

(ii) On March 25, 2015 the Company received transfers amounting to R$ 2,809, R$ 6,437 and R$ 5,358, from the National Water Agency (ANA), in return for the Federal Government participation in the construction of the sewage treatment plants Timóteo/Coronel Fabriciano, Caratinga and Ribeirão das Neves-headquarters, respectively.

As set forth in Clause 6 of Contracts 084/2014, 086/2014 and 087/2014, the payment for the treated sewage will be released in twelve quarterly, consecutive installments after obtaining a pollution reduction target certificate to be issued by the ANA. The contractual expiry dates are December 31, 2021, May 31, 2020 and November 30, 2021, respectively.

As at March 31, 2015, except for the item described above, there were no changes in the nature and conditions of obligations in relation to the disclosures made in Note 11 to the Financial Statements as at December 31, 2014.

Explanatory Notes

11. Borrowings and debentures

These accounts did not change significantly compared to the disclosures made in Note 12 to the financial statements for the year ended December 31, 2014. Accordingly, management decided not to repeat such disclosures in this interim accounting information as at March 31, 2015.

(a) Borrowings

At March 31, 2015, the book values of the Company's borrowing in foreign currency total R$ 346,236 (R$ 286,919 in December 2014), of which R$ 82,465 is in U.S. Dollars and R$ 263,771 in Euros (R$ 67,194 in U.S. Dollars and R$ 219,725 in Euros in December 2014).

Amounts recorded under non-current liabilities fall due as follows:

	Parent company		Consolidated	
Maturity year	**3/31/2015**	**12/31/2014**	**3/31/2015**	**12/31/2014**
2016	122,941	155,941	123,433	156,664
2017	134,085	124,594	134,644	125,153
2018	134,740	125,012	134,810	125,083
2019	132,986	123,423	133,057	123,494
2020	126,996	117,403	127,066	117,473
2021	122,799	113,175	122,869	113,245
2022 to 2037	550,031	504,088	550,108	504,164
Total	**1,324,578**	**1,263,636**	**1,325,987**	**1,265,276**

Changes in borrowings were as follows:

	Parent company	Consolidated
At December 31, 2014	**1,589,789**	**1,592,290**
Proceeds from borrowings	77,498	77,498
Provision for interest and financial charges	26,849	26,912
Monetary and foreign exchange variations	30,310	30,310
Repayment of principal	(40,084)	(40,195)
Payment of financial charges	(20,638)	(20,700)
At March 31, 2015	**1,663,724**	**1,666,115**
Current liabilities	**(339,146)**	**(340,128)**
Non-current liabilities	**1,324,578**	**1,325,987**

Explanatory Notes

Borrowings and debentures mature through 2037 and have an average coupon of 7.63% for the Parent company and 7.64% for the Consolidated, per annum (7.63% in December 2014 for the parent company and consolidated). In addition, the balances of financing lines are subject to specific rates, as follows:

	Parent Company/Consolidated
Financing lines	**Rates**
State government/BDMG	General Market Price Index (IGP-M)
Federal Savings and Loan Bank (CEF)	TR
National Treasury	TR
BNDES - BNE	Long-Term Interest Rate (TJLP) plus 6%
Promissory Notes	Interbank Deposit (ID)
Federal government - bonus	Dollar
KfW Bank	Euro
Banco do Brasil - COPANOR	CDI
Debentures	**(i)**

(i) See item "c" of Note 12 to the financial statements for the year ended December 31, 2014.

(b) Debentures

Changes in debentures were as follows:

	Parent Company/Consolidated
At December 31, 2014	**1,845,040**
New debentures	-
Provision for interest and financial charges	37,770
Monetary variation	18,369
Repayment of principal	(94,847)
Payment of financial charges	(38,639)
At March 31, 2015	**1,767,693**
Current liabilities	**(287,605)**
Non-current liabilities	**1,480,088**

Explanatory Notes

(c) Other significant information on loans and financing

Guarantees for bank borrowings

There were no significant changes in the guarantees provided by the Company for its borrowings in relation to those disclosed in the financial statements as at December 31, 2014. Accordingly, management decided not to repeat such disclosures in this interim accounting information as at March 31, 2015.

Restrictive contractual clauses - Covenants

The Company has borrowing agreements that contain restrictive covenants requiring it to maintain certain financial ratios, as specified below:

(i) *Covenants on FGTS syndicated loans:*

Index	Limits
Total debt/equity	Equal to or less than 1.0
EBITDA adjusted/debt service	Minimum 1.55
Water and sewerage connections/number of employees	Above 350

Semi-annual calculation (June and December) with cumulative 12-month data.

(ii) *Covenants in agreements with BNDES:*

Index	Limits
Adjusted EBITDA / adjusted finance costs	Equal to or greater than 3.8
Adjusted net debt/adjusted EBITDA	Equal to or less than 3.0
Other onerous debt/adjusted EBITDA	Equal to or less than 1.0

Quarterly assessment with cumulative 12-month data.

(iii) *Covenants of the 5th debenture issue (Caixa FI):*

Index	Limits
Total debt/equity	Equal to or less than 1.0
EBITDA adjusted/debt service	Equal to or greater than 1.5
Net debt/equity	Equal to or less than 1.0
Net debt/adjusted EBITDA	Equal to or less than 3.0
Adjusted EBITDA/Adjusted net operating income	Equal to or greater than 36%

Annual calculation with cumulative information for the year.

Explanatory Notes

(iv) *Covenants in agreements with KfW:*

Index	Limits
Total debt/equity	Equal to or less than 1.0
EBITDA adjusted/debt service	Equal to or greater than 1.5

Annual calculation with cumulative information for the year.

(v) *Covenants of the 6th and 7th debenture issues (public):*

Index	Limits
Net debt/adjusted EBITDA	Equal to or less than 3.0
EBITDA adjusted/debt service	Equal to or greater than 1.5

Annual calculation with cumulative information for the year.

In order to improve contract management and due to the water crisis observed since the last quarter of 2014, the National Bank for Economic and Social Development (BNDES) conducted a study on the sanitation sector which resulted in a proposal for standardization of special obligations of the loan agreements entered into under the mentioned sector.

This proposal aims to standardize the provisions of special obligations regarding the maintenance of covenants for all funding agreements between COPASA MG and the BNDES, regarding, among other things, the manner of calculating the covenants, the characterization of rules of non-compliance and the establishment of additional collateral.

From 2015, the Company shall maintain, throughout the duration of financing and debentures contracts signed with BNDES, the indexes described in item (ii) above. These are calculated on a quarterly basis and relate to the cumulative figures for the past twelve months, based on information contained in the Consolidated Financial Statements disclosed by the Company, audited or reviewed by independent auditors registered with the Brazilian Securities Commission.

None of the covenants above had been breached through March 31, 2015.

Explanatory Notes

12. Provisions for contingencies

(a) Probable loss contingent liabilities

Provisions are as follows:

	Parent company					
	3/31/2015			12/31/2014		
	Contingencies	Court deposits	Net balance	Contingencies	Court deposits	Net balance
Civil	56,690	(1,259)	55,431	48,951	(1,227)	47,724
Labor	61,658	(1,369)	60,289	59,099	(1,237)	57,862
Tax	919	(443)	476	890	(435)	455
Environmental	8,434	-	8,434	7,717	-	7,717
Total	**127,701**	**(3,071)**	**124,630**	**116,657**	**(2,899)**	**113,758**

	Consolidated					
	3/31/2015			12/31/2014		
	Contingencies	Court deposits	Net balance	Contingencies	Court deposits	Net balance
Civil	56,720	(1,259)	55,461	48,981	(1,227)	47,754
Labor	64,302	(2,060)	62,242	61,788	(1,932)	59,856
Tax	919	(443)	476	890	(435)	455
Environmental	8,434	-	8,434	7,717	-	7,717
Total	**130,375**	**(3,762)**	**126,613**	**119,376**	**(3,594)**	**115,782**

The changes in provisions for contingencies were as follows:

	Parent company	Consolidated
Net balance at December 31, 2014	**116,657**	**119,376**
Additions	15,275	15,508
Use	(3,358)	(3,358)
Reversals	(873)	(1,151)
(-) Offsetting of judicial deposits	(3,071)	(3,762)
At March 31, 2015	**124,630**	**126,613**

Use refers to provisions utilized or cases which were lost by the Company and classified as accounts payable.

Explanatory Notes

The provisions for contingencies recorded are considered sufficient by management to cover probable losses on administrative and judicial proceedings involving tax, labor and civil matters, taking into account the advice of its legal advisors.

(b) Possible loss contingent liabilities

COPASA MG is a party to other litigation for which the likelihood of loss is estimated as possible. No provision for losses on these matters was recognized, as the Company believes it has a well-founded, legitimate defense.

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

Nature	3/31/2015	12/31/2014
Civil	674,917	436,983
Tax	45,896	36,748
Environmental	8,793	3,336
Total	**729,606**	**477,067**

As at March 31, 2015 the information concerning the status of proceedings, the likelihood of loss and the contingent assets had not changed significantly compared to the disclosures made in Note 13 to the financial statements as of December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

13. Employee profit sharing

As resolved by the Company's Board of Directors in a meeting held on March 1, 2011 and in accordance with prevailing legislation, the amount to be distributed as Employee Profit Sharing is equivalent to 25% of the mandatory minimum dividends paid to stockholders, after deduction of the legal reserve. It will have as a computational basis for measurement of goals achievement, the percentage of completion of the Investment Program approved by the Company for the year, the number of connections per employee and its operating income.

The 2008/2010 Collective Agreement, signed at the meeting held on July 25, 2008 and ratified by the 2014 Collective Agreement, signed on September 10, 2014, determines that the computed amount of profit sharing shall be distributed among all employees, in a single installment payable in April.

At March 31, 2015, the Company recognized R$ 1,318 as a provision for the employee profit sharing (R$ 6,628 in the first quarter of 2014).

Explanatory Notes

14. Income tax and social contribution

(a) Current income tax and social contribution

In Brazil, income taxes include both federal income tax and social contribution. The statutory tax rates applicable to income tax and social contribution are 25% and 9%, respectively, resulting in a combined rate of 34% as at March 2015 and 2014. The amounts reported as income tax expenses in the statements of income of the Company are reconciled with the statutory tax rates as follows:

	Parent company	
	3/31/2015	**3/31/2014**
Profit before income tax and social contribution	17,244	151,293
Statutory rate	34%	34%
Estimated expenses at statutory rate	**(5,863)**	**(51,440)**
Income tax and social contribution on:		
(Additions)/exclusions		
Equity accounting	(819)	(850)
Realization of special monetary restatement	(15)	(61)
Donations and subsidies	-	582
Provision for actuarial liability (costs)	4,161	831
Reversal of the provision for contingencies	-	1,297
Deduction of income capitalized in property, plant and equipment	-	3,002
Other (additions)/exclusions	(236)	(590)
Other reconciling items		
Interest on capital	1,563	11,818
Tax incentives	415	731
Income tax and social contribution	**(794)**	**(34,680)**
Current income tax and social contribution	(19,426)	(37,250)
Deferred income tax and social contribution	18,632	2,570
	(794)	**(34,680)**
Effective rate	4.6%	22.9%

Explanatory Notes

	Consolidated	
	3/31/2015	**3/31/2014**
Profit before income tax and social contribution	17,244	151,293
Statutory rate	34%	34%
Estimated expenses at statutory rate	**(5,863)**	**(51,440)**
Income tax and social contribution on:		
(Additions)/exclusions		
Realization of special monetary restatement	(15)	(61)
Donations and subsidies	-	582
Provision for actuarial liability (costs)	4,161	831
Reversal of the provision for contingencies	-	1,297
Deduction of income capitalized in property, plant and equipment	-	3,002
Other (additions)/exclusions	(1,055)	(1,440)
Other reconciling items		
Interest on capital	1,563	11,818
Tax incentives	415	731
Income tax and social contribution	**(794)**	**(34,680)**
Current income tax and social contribution	(19,426)	(37,250)
Deferred income tax and social contribution	18,632	2,570
	(794)	**(34,680)**
Effective rate	4.6%	22.9%

(b) Deferred income tax and social contribution

Deferred taxes are calculated on income tax (IRPJ) and social contribution (CSLL) losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to utilize temporary differences and/or tax losses, considering projections of future results based on internal assumptions and future economic scenarios, which are, therefore, subject to change.

Explanatory Notes

The deferred tax amounts are as follows:

	Parent Company/Consolidated	
Balances	**3/31/2015**	**12/31/2014**
In non-current assets		
Temporary differences:		
Allowance for doubtful accounts and litigation provision	160,947	146,925
Provision for losses in actuarial liabilities - comprehensive income	22,890	17,459
Provisions for adjustments required under CPCs	445,100	437,599
Tax provisions	100,234	105,331
Other temporary provisions - sundry	69,307	26,530
Total	**798,478**	**733,844**
Deferred income tax	199,620	183,461
Deferred social contribution	71,863	66,046
	271,483	**249,507**
In non-current liabilities		
Temporary differences:		
Deferred exchange variations	17,604	20,460
Provisions for adjustments required under CPCs	243,785	235,120
Provision for adjustments of CPSs in the comprehensive income	45,346	46,753
Provisions for actuarial liabilities	35,672	35,672
Total	**342,407**	**338,005**
Deferred income tax	85,602	84,501
Deferred social contribution	30,817	30,421
	116,419	**114,922**
Deferred income tax and social contribution, net	**155,064**	**134,585**

As at March 31, 2015 there were no changes in the nature and conditions of income tax and social contribution compared to the disclosures made in Note 15 to the financial statements as at December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

Explanatory Notes

15. Technical cooperation agreements

The net balance of these agreements is as follows:

	Parent company		
	Receivables (assets)	**Advances (liabilities)**	**Net**
March 31, 2015			
State	74,402	(57,489)	**16,913**
Other	137,525	(114,371)	**23,154**
Total	**211,927**	**(171,860)**	**40,067**
December 31, 2014			
State	73,042	(57,303)	**15,739**
Other	131,288	(109,633)	**21,655**
Total	**204,330**	**(166,936)**	**37,394**

	Consolidated		
	Receivables (assets)	**Advances (liabilities)**	**Net**
March 31, 2015			
State	600,654	(560,681)	**39,973**
Other	137,525	(114,371)	**23,154**
Total	**738,179**	**(675,052)**	**63,127**
December 31, 2014			
State	588,709	(560,501)	**28,208**
Other	131,288	(109,633)	**21,655**
Total	**719,997**	**(670,134)**	**49,863**

As at March 31, 2015 there were no changes in the nature and conditions of technical cooperation agreements compared to the disclosures made in Note 16 to the financial statements as at December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

Explanatory Notes

16. Pension plan obligations

The related amounts and information on retirement benefit obligations are as follow:

	Parent Company/Consolidated	
	3/31/2015	**12/31/2014**
Obligations - Long term	123,543	121,582
Obligations - Short term	16,715	16,050
	140,258	**137,632**
Normal contributions	6,915	12,680
Total obligations recorded in the balance sheet	**147,173**	**150,312**

Changes in net liabilities are as follow:

	Parent Company/Consolidated
Net liabilities as at December 31, 2014	**150,312**
Amounts recognized in the statement of income	2,626
Actuarial losses recognized directly in other comprehensive income (losses)	5,431
Amortization of interest on debt	(1,576)
Amortization of the principal	(3,855)
Expenses recognized in the income statement - Contributions from COPASA	9,085
Provision for monthly contributions	11,617
Monthly contributions	(26,467)
Net liabilities as at March 31, 2015	**147,173**
Current liabilities	**(23,630)**
Non-current liabilities	**123,543**

As at March 31, 2015, there were no changes in the nature and conditions of retirement benefit plans compared to the disclosures made in Note 17 to the financial statements as at December 31, 2014.

Explanatory Notes

17. Equity and dividends

(a) Capital

The Company is authorized to increase its capital up to the limit of R$ 3 billion after approval of the Board of Directors. The Company's subscribed and paid-up capital amounts to R$ 2,773,985,614.66, represented by 119,684,430 registered common shares with no par value.

The Company is allowed to issue common shares, debentures convertible into common shares and subscription bonus within the authorized capital limit. Capital increases over the authorized capital are subject to approval at General Meetings of Stockholders with capital increase proposals submitted by the Board of Directors. This procedure is adopted when payment is made with assets.

Concerning the Company's capital increases, the stockholders may exclude at the General Meetings the preferential rights or reduce the period for them to be exercised in the issue of shares, debentures convertible into shares and subscription warrants, the allocation of which is made through trading in stock markets or public subscription, according to the pertinent legislation, and within the authorized capital limit.

Stockholders have preference in the subscription of capital increases according to the number of shares they hold, pursuant to articles 171 and 172 of Law 6, 404/76.

In addition, in accordance with the Constitution of the State of Minas Gerais, if the Company's controlling stockholder - that is, the State of Minas Gerais - includes COPASA MG in a privatization process, such process will only occur after a public referendum approves it. After the privatization is approved through this public referendum, the State Legislature of the State of Minas Gerais will enact a law authorizing the transfer of ownership control by the State, according to the applicable state legislation.

The Company is controlled by the Government of Minas Gerais, which holds 51.1% of the Company's shares. The Company also holds 357 thousand common shares of its own shares in treasury, amounting to R$ 8,576, mostly acquired from the State of Minas Gerais through transactions related to the settlement of debts originating from the provision of water supply and sewage services and technical cooperation agreements. The Company has the right to reissue these shares on a subsequent date.

The remaining 48.6% of the shares, which represent the Company's free float, are held by various stockholders.

Explanatory Notes

At March 31, 2015, the capital is held as follows:

Stockholders	Number of shares (thousands)	Percentage of interest
State of Minas Gerais	61,189	51.13
Directors and officers	1	-
Other stockholders	58,137	48.57
Treasury shares	357	0.30
Total	**119,684**	**100.00**

(b) Revenue reserves

As at March 31, 2015, there were no changes in the nature and conditions of reserves in relation to the disclosures made in Note 18(b) to the financial statements as at December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

(c) Carrying value adjustments

Carrying value adjustments refer to:

(i) Actuarial gains and losses: calculated in conformity with CPC 33 (R1) and IAS 19 (R1) (Note 17). At March 31, 2015, the credit balance on this account totaled R$ 9,571 (R$ 13,155 at December 31, 2014).

(ii) Monetary restatement of assets: application of IAS 29 for the period during which it was considered that Brazil had a hyperinflationary economy. This restatement is amortized based on the useful lives of property, plant and equipment items and intangible assets against retained earnings. At March 31, 2015, the credit balance on this account totaled R$ 17,600 (R$ 18,529 at December 31, 2014).

(iii) Fair value of available for sale financial assets: fair value of the investments without significant influence relating to Foz de Jeceaba. At March 31, 2015, the credit balance on this account was R$ 12,506 (R$ 12,506 in December 2014).

(d) Dividends and interest on capital to stockholders

Under the bylaws, stockholders of any class are entitled to a mandatory minimum dividend of 25% of the profit for the year, adjusted for the deduction or addition of the amounts specified in items I, II and III of Article 202 of Law 6,404/76. The approved dividend amounts bear no interest and any dividends not claimed within three years after the date when they are made available to the stockholders become time-barred in favor of the Company.

As resolved at the Extraordinary General Meeting of Stockholders held on April 28, 2009, the Company's Board of Directors has the power to define the annual percentage to be paid as interest on capital. Accordingly, on March 18, 2015 the Company's Board of Directors approved the dividend distribution for 2015 as interest on capital equivalent to 25% of the profit for the year adjusted by the deduction or addition of the amounts specified in Items I, II and III of Article 202 of Law 6, 404/76.

Explanatory Notes

The Company's Board of Directors approved the payment of interest on capital to shareholders, as resolved at the following meeting:

Date	Gross amount declared	Amount per share
5/5/2015	4,596	0.04
	4,596	

Declared interest on capital will be deducted from the mandatory dividends for 2015.

As provided for in Article 9 of Law 9, 249/95, and based on the Long-term Interest Rate (TJLP), interest on capital was recorded as finance costs deductible for income tax and social contribution purposes, thereby generating a tax benefit of R$ 1,563. Under Brazilian corporation law, interest on capital is disclosed as a reduction of retained earnings in equity.

Changes in the balance of interest on capital payable are as follows:

	3/31/2015	12/31/2014
Opening balance	**2,516**	**31,646**
Proposed interest on capital	4,596	103,340
Withholding Income Tax (IRRF) on interest on capital	(1,538)	(6,961)
Interest on capital paid		(125,509)
Balance of interest on capital in current liabilities	**5,574**	**2,516**

(e) Earnings per share

- Basic

Basic earnings per share are calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased by the Company and held as treasury shares (item "a" of this Note).

	Parent Company/Consolidated	
	3/31/2015	3/31/2014
Profit attributable to stockholders of the Company	16,450	116,613
Weighted average number of outstanding common shares (thousands)	119,327	119,327
Basic earnings per share	**0.14**	**0.98**

Explanatory Notes

- Diluted

  At March 31, 2015 and 2014, diluted earnings per share were equivalent to the basic earnings per share, as in September 2012 the convertible debentures were converted into shares, eliminating the potential dilutive common shares.

18. Segment information

The Company's management defined the operating segments used for the strategic decision-making as water supply and sewage treatment and sale of products.

	Consolidated		
	1st quarter 2015		
	Water and sewage	Sale of products	Financial statement balance
Gross sales and services revenue	980,201	894	981,095
Deductions from gross revenue	(75,648)	(135)	(75,783)
Net sales and services revenue	904,553	759	905,312
Costs and selling and administrative expenses	(801,956)	(2,030)	(803,986)
Operating profit (loss) before other net operating expenses	102,597	(1,271)	101,326
Other operating expenses, net			(2,382)
Finance result, net			(81,700)
Profit before taxes			17,244

Explanatory Notes

	Consolidated		
	1st quarter of 2014		
	Water and sewage	Sale of products	Financial statement balance
Gross sales and services revenue	1,033,717	966	1,034,683
Deductions from gross revenue	(81,173)	(149)	(81,322)
Net sales and services revenue	952,544	817	953,361
Costs and selling and administrative expenses	(741,979)	(2,185)	(744,164)
Operating profit (loss) before other net operating expenses	210,565	(1,368)	209,197
Other operating expenses, net			(13,407)
Finance result, net			(44,497)
Profit before taxes			151,293

19. Financial risk management

As at March 31, 2015, there were no changes in the financial risk policies and management in relation to the disclosures made in Note 20 to the financial statements as at December 31, 2014.

The information relating to: (a) liabilities subject to foreign exchange variations; (b) the credit quality of financial assets; (c) the cash flow from financial instruments; and (d) financial leverage ratios did not change significantly compared to the disclosures made in Note 20 to the financial statements as at December 31, 2014. Accordingly, management decided not to repeat such disclosures as part of the interim accounting information as at March 31, 2015.

19.1 Sensitivity analysis

(i) Interest rate sensitivity

The Company analyzed the sensitivity to the effects of possible changes in interest rates to which borrowings are subject. With all other variables held constant, the Company's profit before tax is affected by the impact on loans payable subject to floating rates, as shown below:

Explanatory Notes

	Parent company	
	Increase/decrease in basis points	**Effect on profit before taxes (R$)**
3/31/2015		
	+ 0.5%	(1,325)
	- 0.5%	1,325
12/31/2014		
	+ 0.5%	(1,327)
	- 0.5%	1,327

	Consolidated	
	Increase/decrease in basis points	**Effect on profit before taxes (R$)**
3/31/2015		
	+ 0.5%	(1,326)
	- 0.5%	1,326
12/31/2014		
	+ 0.5%	(1,329)
	- 0.5%	1,329

The change in base points assumed in the analysis of sensitivity to interest rates is based on current interest rates prevailing in the market, indicating volatility significantly higher than in previous years.

(ii) Foreign exchange sensitivity

The Company analyzed the sensitivity to the effects of fluctuations in the U.S. Dollar and Euro exchange rates on the Company's income and equity. With all other variables held constant, the Company's profit before taxes is affected by the impact on borrowings payable subject to foreign exchange variations, as shown below:

	Change in U.S. Dollar rate	**Effect on profit before taxes (R$)**
3/31/2015	+ 20%	(68,660)
	- 20%	68,660
	+10%	(34,330)
	-10%	34,330
12/31/2014	+ 20%	(28,918)
	- 20%	28,918
	+10%	(14,459)
	-10%	14,459

Changes in income and equity derive from changes in U.S. Dollar borrowings.

Explanatory Notes

19.2 Fair value estimation

The carrying values of trade receivables and payables, less an impairment provision in the case of trade receivables, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

(a) Financial instruments measured in the balance sheet at fair value

The Company and its subsidiaries adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires the disclosure of fair value measurements according to their level of the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's and its subsidiaries' assets and liabilities measured at fair value as at March 31, 2015 and December 31, 2014:

	Parent Company/Consolidated			
	Assets			
	Available-for-sale financial assets		Total assets	
	3/31/2015	12/31/2014	3/31/2015	12/31/2014
Prices quoted in active markets (Level 1)	-	-	-	-
Other significant observable data (Level 2)	-	-	-	-
Significant unobservable data (Level 3)	40,748	40,748	40,748	40,748
Total balance	**40,748**	**40,748**	**40,748**	**40,748**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. At March 31, 2015 and December 31, 2014, the Company and its subsidiaries did not have financial instruments with a fair value measured at Level 1.

Explanatory Notes

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximize the use of observable market data when available, and rely as little as possible on Company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At March 31, 2015 and December 31, 2014, the Company and its subsidiaries did not have financial instruments with a fair value measured at Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair values of the remaining financial instruments.

(b) Fair value of borrowings

The carrying amounts compared to the respective fair values are as follows:

Parent company

	Amounts			
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	3/31/2015	**3/31/2015**	**12/31/2014**	**12/31/2014**
Bank borrowings and financing	1,663,724	1,657,586	1,589,789	1,586,768
Simple debentures	1,767,693	1,707,637	1,845,040	1,800,856
Total	**3,431,417**	**3,365,223**	**3,434,829**	**3,387,624**

Consolidated

	Amounts			
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	3/31/2015	**3/31/2015**	**12/31/2014**	**12/31/2014**
Bank borrowings and financing	1,666,115	1,659,916	1,592,290	1,589,203
Simple debentures	1,767,693	1,707,637	1,845,040	1,800,856
Total	**3,433,808**	**3,367,553**	**3,437,330**	**3,390,059**

Explanatory Notes

The market values of liabilities are calculated on the projected balances, restated at their contractual rates over the remaining months before payment. These values are adjusted to present value using the following market rates:

	Parent Company/Consolidated			
Financing lines	**Contractual rate**	**Period (months)**	**Market rate**	**Comments**
CEF/FGTS	8.30%	193	7.70%	Quoted CEF rate in March 2015
BNDES/BNE	6.57%	86	6.55%	Quoted BNDES/BNE rate in March 2015
FINAME	3.75%	119	6.00%	Quoted FINAME rate in March 2015
Federal government	4.27%	110	7.70%	CEF rate, since there is no similar one
Simple debentures	8.61%	80	9.99%	Quoted BNDES/BND rate in March 2015
KfW Bank	2.07%	106	2.07%	Quoted KfW rate in March 2015
NP Bradesco	13.48%	9	13.86%	Market rate quotation for working capital in March 2015
FINAME - COPASA Águas Minerais de Minas Gerais (AGMM)	2.50%	95	6.00%	Quoted FINAME rate in March 2015
Banco do Brasil - Copanor	14.24%	21	14.49%	CEF rate, since there is no similar one

20. Financial instruments by category

(a) Parent company

	3/31/2015		
	Loans and receivables	**Available-for-sale assets**	**Total**
Assets			
Cash and cash equivalents	277,193	-	277,193
Trade receivables	850,213	-	850,213
Bank account - agreements	23,520	-	23,520
Restricted investments	97,261	-	97,261
Equity securities	-	40,748	40,748
Receivables from subsidiaries	17,012	-	17,012
Financial assets - concession agreements	548,477	-	548,477
Other receivables (excluding prepayments)	195,162	-	195,162
Total	**2,008,838**	**40,748**	**2,049,586**

	3/31/2015	
	Other financial liabilities	**Total**
Liabilities		
Trade payables	91,639	91,639
Borrowings and debentures	3,431,417	3,431,417
Public-Private Partnership (PPP) - Rio Manso	368,902	368,902
Contract with IBM	2,385	2,385
Total	**3,894,343**	**3,894,343**

Explanatory Notes

	12/31/2014		
	Loans and receivables	**Available-for-sale assets**	**Total**
Assets			
Cash and cash equivalents	329,068	-	329,068
Trade receivables	883,596	-	883,596
Bank account - agreements	24,493	-	24,493
Restricted investments	81,774	-	81,774
Equity securities	-	40,748	40,748
Receivables from subsidiaries	16,432	-	16,432
Financial assets - concession agreements	558,964	-	558,964
Other receivables (excluding prepayments)	168,997	-	168,997
Total	**2,063,324**	**40,748**	**2,104,072**

	12/31/2014	
	Other financial liabilities	**Total**
Liabilities		
Trade payables	114,433	114,433
Borrowings and debentures	3,434,829	3,434,829
Public-Private Partnership (PPP) - Rio Manso	279,885	279,885
Contract with IBM	3,441	3,441
Total	**3,832,588**	**3,832,588**

(b) Consolidated

	3/31/2015		
	Loans and receivables	**Available-for-sale assets**	**Total**
Assets			
Cash and cash equivalents	278,023	-	278,023
Trade receivables	854,343	-	854,343
Bank account - agreements	23,677	-	23,677
Restricted investments	97,261	-	97,261
Equity securities	-	40,748	40,748
Financial assets - concession agreements	548,477	-	548,477
Other receivables (excluding prepayments)	190,092	-	190,092
Total	**1,991,873**	**40,748**	**2,032,621**

Explanatory Notes

	3/31/2015	
	Other financial liabilities	**Total**
Liabilities		
Trade payables	114,506	114,506
Borrowings and debentures	3,433,808	3,433,808
Public-Private Partnership (PPP) - Rio Manso	368,902	368,902
Contract with IBM	2,385	2,385
Total	**3,919,601**	**3,919,601**

	12/31/2014		
	Loans and receivables	**Available-for-sale assets**	**Total**
Assets			
Cash and cash equivalents	331,039	-	331,039
Trade receivables	888,237	-	888,237
Bank account - agreements	25,151	-	25,151
Restricted investments	81,774	-	81,774
Equity securities	-	40,748	40,748
Financial assets - concession agreements	558,964	-	558,964
Other receivables (excluding prepayments)	164,518	-	164,518
Total	**2,049,683**	**40,748**	**2,090,431**

	12/31/2014	
	Other financial liabilities	**Total**
Liabilities		
Trade payables	128,471	128,471
Borrowings and debentures	3,437,330	3,437,330
Public-Private Partnership (PPP) - Rio Manso	279,885	279,885
Contract with IBM	3,441	3,441
Total	**3,849,127**	**3,849,127**

Explanatory Notes

21. Revenue

The reconciliation between gross and net revenue is as follows:

	Parent company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Gross revenue from water supply and sewage services	810,215	869,997	815,840	874,561
Gross revenue from the sale of products	-	-	894	966
Construction revenue	164,361	159,156	164,361	159,156
Total gross revenue	**974,576**	**1,029,153**	**981,095**	**1,034,683**
Taxes on sales and services	(75,088)	(80,738)	(75,783)	(81,322)
Net revenue	**899,488**	**948,415**	**905,312**	**953,361**

The Company's other operating income for the periods ended March 31, 2015 and 2014 is set out below:

	Parent company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Reversal of non-deductible provision	3,203	4,587	3,486	4,686
Recovery of accounts written-off	11,483	9,602	11,648	9,692
Reimbursement for the health program	9,074	-	9,074	-
Other income	2,947	4,770	3,435	5,089
Total other operating income	**26,707**	**18,959**	**27,643**	**19,467**

Explanatory Notes

22. Expenses by nature

	Parent company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Salaries and social charges	293,241	261,698	296,144	264,563
Materials	34,039	33,227	34,858	33,799
Outsourced services	154,792	150,057	156,993	151,804
General expenses	23,742	28,137	24,062	28,360
Depreciation and amortization	133,880	113,869	134,532	114,529
Impairment of trade receivables	22,522	19,959	23,396	20,639
Provision for obsolescence	362	115	363	124
Construction costs (*)	161,865	154,384	161,865	154,384
Cost of sales	-	-	280	75
Litigation provision	15,275	9,886	15,507	10,434
Equity accounting	2,409	2,502	-	-
Employee profit sharing	1,318	6,628	1,318	6,628
Other	12,449	15,335	13,200	15,812
Operating expenses	**855,894**	**795,797**	**862,518**	**801,151**
(-) Tax credits	**(28,257)**	**(23,881)**	**(28,507)**	**(24,113)**
Net operating expenses	**827,637**	**771,916**	**834,011**	**777,038**
Costs	**618,788**	**574,314**	**624,533**	**578,707**
Expenses	**208,849**	**197,602**	**209,478**	**198,331**

(*) Breakdown of construction costs:

	Parent Company/Consolidated	
	3/31/2015	**3/31/2014**
Salaries and social charges	6,770	6,795
Materials	9,898	13,900
Equipment	7,154	27,234
Outsourced services	130,454	92,407
Financing costs	7,082	12,821
Other	507	1,227
Total construction costs	**161,865**	**154,384**

Explanatory Notes

23. Employee benefit expenses

	Parent company		Consolidated	
	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Salaries	155,324	142,161	157,203	144,023
Social security costs	47,281	42,916	47,875	43,368
FGTS	14,686	17,259	14,816	17,377
Pension plan contributions	9,085	8,554	9,086	8,554
Workers' meal program	35,963	29,624	36,174	30,020
Healthcare plan	26,233	12,620	26,309	12,645
Other benefits	4,669	8,564	4,681	8,576
Total	**293,241**	**261,698**	**296,144**	**264,563**
Number of employees (unaudited)	12,549	12,066	12,975	12,438

24. Finance income and costs

Finance income (costs) can be summarized as follows:

	Parent company		Consolidated	
	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Interest income	1,379	1,085	1,057	808
Income from financial investments	8,183	7,588	8,185	7,589
Monetary and foreign exchange gains	14,747	10,829	14,759	10,815
Income from financial assets/other	6,276	3,422	6,276	3,422
Total income	**30,585**	**22,924**	**30,277**	**22,634**
Interest on financing	(59,744)	(51,755)	(59,809)	(51,786)
Monetary and foreign exchange costs	(52,060)	(15,231)	(52,061)	(15,231)
Other expenses	(95)	(103)	(107)	(114)
Total costs	**(111,899)**	**(67,089)**	**(111,977)**	**(67,131)**
Finance result	**(81,314)**	**(44,165)**	**(81,700)**	**(44,497)**

Explanatory Notes

25. Related-party transactions

The Company is controlled by the State of Minas Gerais, which holds 51.13% of the Company's shares (Note 17).

(a) Assets, liabilities, profit or loss

In addition to the agreements described in Note 15, other transactions with related parties mainly represent those carried out with the State of Minas Gerais, CEMIG, Foz de Jeceaba and subsidiaries. Significant balances and transactions with related parties are set out below:

	Parent company						
	3/31/2015						
	Subsidiaries				Other		
	Águas Minerais	COPANOR	Serviços de Irrigação	Total	MG State	CEMIG	Foz de Jeceaba
Assets							
Current assets							
Trade receivables							
Billed amounts	-	-	-	-	24,525	-	-
Agreements	-	-	-	-	16,913	-	-
Sundry receivables							
Receivables from subsidiaries	212	4,939	-	5,151	-	-	-
Non-current assets							
Borrowings	-	11,706	75	11,781	-	-	-
AFAC	5,231	-	-	5,231	-	-	-
Available-for-sale assets	-	-	-	-	-	-	40,748
Investments	12,050	-	-	12,050	-	-	-
Total assets	**17,493**	**16,645**	**75**	**34,213**	**41,438**	**-**	**40,748**
Liabilities							
Current liabilities							
Interest on capital	-	-	-	-	2,357	-	-
Electric power	-	-	-	-	-	4,122	-
Non-current liabilities							
Provision for investment losses	-	13,978	74	14,052	-	-	-
Total liabilities	**-**	**13,978**	**74**	**14,052**	**2,357**	**4,122**	**-**
Result							
Revenue from water supply and sewage services	-	-	-	-	25,682	-	-
Interest and income from monetary variations	-	359	-	359	-	-	-
Expenses for electrical energy	-	-	-	-	-	66,145	-

Explanatory Notes

	Parent company						
	12/31/2014						
	Subsidiaries				Other		
	Águas Minerais	COPANOR	Serviços de Irrigação	Total	MG State	CEMIG	Foz de Jeceaba
Assets							
Current assets							
Trade receivables							
Billed amounts	-	-	-	-	23,842	-	-
Agreements	-	-	-	-	15,739	-	-
Sundry receivables							
Receivables from subsidiaries	141	4,406	-	4,547	-	-	-
Non-current assets							
Borrowings	-	11,706	75	11,781	-	-	-
AFAC	4,651	-	-	4,651	-	-	-
Available-for-sale assets	-	-	-	-	-	-	40,748
Investments	13,578	-	-	13,578	-	-	-
Total assets	**18,370**	**16,112**	**75**	**34,557**	**39,581**	**-**	**40,748**
Liabilities							
Current liabilities							
Interest on capital	-	-	-	-	1,257	-	-
Electric power	-	-	-	-	-	6,930	-
Non-current liabilities							
Provision for investment losses	-	12,993	178	13,171	-	-	-
Total liabilities	**-**	**12,993**	**178**	**13,171**	**1,257**	**6,930**	**-**
	3/31/2014						
Result							
Revenue from water supply and sewage services	-	-	-	-	25,709	-	-
Interest and income from monetary variations	-	317	23	340	-	-	-
Dividends received	-	-	-	-	-	-	618
Expenses for electrical energy	-	-	-	-	-	58,735	-

Balances and transactions with related parties are conducted at prices and under conditions considered by management to be similar to those prevailing in the market, except for the financial settlement, which may occur through special negotiations (offsetting of accounts).

As at March 31, 2015, there were no changes in the nature and conditions of related-party transactions compared to the disclosures made in Note 26 to the financial statements for the year ended December 31, 2014. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

Explanatory Notes

(b) Key management compensation

	3/31/2015	3/31/2014
Salaries	1,045	1,265
Employee benefits	456	162
Total	**1,501**	**1,427**

26. Commitments

The Company has entered into contracts for new construction works, under which obligations are recorded as the services are rendered. The main outstanding contracts with contractors and suppliers at March 31, 2015 are listed below:

Contractors	Amount	Signed on	Term in days (1)
Odebrecht Ambiental	693,731	12/20/2013	5,475
Orteng/Sonel Consortium	71,075	2/21/2013	990
Prefisan Ltda.	68,299	11/18/2014	690
Mendes Junior Trading e Engenharia S.A.	60,339	11/30/2012	810
Perfil Engenharia S.A.	33,385	11/11/2014	720
Prefisan Ltda.	28,797	5/23/2013	720
Sonel Engenharia S.A.	27,824	12/22/2014	1,080
Prefisan Ltda.	20,118	12/11/2014	540
Comim Construtora Ltda.	19,541	8/9/2013	720
Construtora Penchel Ltda.	19,239	4/19/2013	720
Prefisan Ltda.	18,865	1/5/2015	720
Infracon Engenharia e Comércio Ltda.	13,092	11/5/2014	540
Socienge Construções Ltda.	9,424	1/5/2015	600

1) As from the date set in the first service order.

Upon renewal or revision of some concession agreements, the Company assumed commitments to participate financially in sewage network construction and river valley treatment works, to be carried out by the municipal governments. Among the works to be carried out, those in public sites (stream channeling, open sewage channels) are treated as intangible assets - "concession rights", and amortized over the remaining concession term. Sewage interceptors are recorded in the Company's intangible assets.

Explanatory Notes

The main committed amounts refer to the following municipalities:

Municipalities	Amounts		% realization
	Committed	Realized	
Belo Horizonte	261,140	90,846	34.79
Betim	80,286	73,521	91.57
Contagem	83,707	83,707	100.00
Montes Claros	121,941	61,417	50.37
Ribeirão das Neves	86,411	70,977	82.14
Teófilo Otoni	54,360	-	-

27. Transactions not involving cash and cash equivalents

During the first quarter of 2015 and 2014, the Company and its subsidiaries carried out the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

	Parent Company/Consolidated	
	3/31/2015	**3/31/2014**
Transfer of PRODES/ANA agreement (Notes 6 and 10)	15,969	754

28. Notes to the annual financial statements that are not repeated to this interim accounting information

Pursuant to Circular CVM/SNC/SEP 003/2011, the Company has disclosed the explanatory notes considered to be relevant in the context of the "Basic Accounting Pronouncement - Conceptual Framework for Financial Statements". All of the information the omission or distortion of which could influence a user's economic decisions has been duly disclosed in this interim accounting information, which should be read in conjunction with the financial statements as at December 31, 2014.

An index to the exact location of the explanatory notes, in respect of which the information was not repeated in this interim financial information because it was redundant or not significant, is set out below:

Note 4 - Critical accounting estimates and judgments
Note 27 - Water supply and sewage services in Belo Horizonte
Note 29 - Insurance
Note 31 - Asset impairment testing

Explanatory Notes

29. Events after the reporting period

Tax adjustment

The Minas Gerais State Regulatory Water and Wastewater Agency (ARSAE MG) issued, on April 10, 2015, Normative Resolution 64/2015, which authorizes the readjustment of the water and sewage rates of COPASA MG, with a tax impact for users of 15.04%.

Capital increase

According to the significant event notice disclosed by the Company on April 23, 2015, the Board of Directors approved the constitution of Advances for Future Capital Increase (AFAC), by the controlling stockholder, the State of Minas Gerais, to further increase capital in the amount of R$ 128.4 million. Of this amount, R$ 30.0 million was transferred to the Company on April 4, 2015and the remaining balance in the amount of R$ 98.4 million will be transferred based on the physical and financial schedule of the venture which will receive the funds. This will be as follows: R$ 25.7 million on 6/10/2015, R$ 22.7 million on 7/10/2015, R$ 24.1 million on 8/10/2015, R$ 16.1 million on 9/10/2015 and R$ 9.8 million on 10/10/2015, and such installments may be prepaid. The constitution of the AFAC will result in a later capital increase, through the private subscription of Company's shares.

Comments on the behavior of business projections

1. Projections

The disclosure of projections and estimates is optional. If the issuer has disclosed projections and estimates, they should be included in this section.

1.1 Projections disclosed for 2015: Investment program for 2015

The Annual General Meeting, held on April 29, 2015, approved the value of the Investment Program of COPASA MG and its subsidiaries for the year, totaling R$ 695.4 million, distributed as follows:

- R$ 600 million to COPASA MG;
- R$ 0.4 million to AGMM; and
- R$ 95.0 million to COPANOR, and the State of Minas Gerais transfers these funds.

1.2 Projections disclosed in the past three years

"Água da Gente" (Our Water) Program

In March 2013, the "Água da Gente" (Our Water) Program was launched, detailing the investments in sanitation to be made by the Company in the State of Minas Gerais from 2013 to 2016.
The amount expected to be invested through the program is R$ 4.55 billion in this period, of which R$ 4.20 billion will be invested by COPASA MG and R$ 350.0 million by the subsidiary Copanor. Investments related to Copanor will be held with funds transferred by the State Government.

The Program also provides that the populations served with water supply and sanitation services will reach 15.2 million and 10.1 million, respectively. It also intends to expand the treated sewage percentage from 65% to 85% of the sewage collected by December 2016.

These goals are summarized in the table below:

Item	unit	Situation: Dec/12	Goal: Dec/16
Population served - Water	million	14.1	15.2
Population served - Sewage	million	9.3	10.1
% of treated sewage	%	65	85
Parent company investments	**billion in the period**		**4.20**
COPANOR investments	**billion in the period**		**0.35**

Comments on the behavior of business projections

The following table shows the evolution of this program by the end of 2014:

Item	unit	Situation: Dec/14
Population served - Water	million	15.0
Population served - Sewage	million	9.8
% of treated sewage	%	74
Parent company investments	**billion in the period**	**2.03**
Own funds and funds from third parties	billion in the period	1.77
PPP	billion in the period	0.26
COPANOR investments	**billion in the period**	**0.70**

The evolution of this Program is being affected by a number of factors, particularly water scarcity, which affected the south-east of Brazil, causing a reduction in volume billed per connection and affecting the Company's revenues. As costs have been showing percentage increases higher than revenue, profit margin has been reduced, thus affecting the ability of the Company to carry out investments.

Therefore, the Company is reviewing this program to adapt it to the new reality of the current situation. Once any decision has been made by the Board of Directors, COPASA MG will disclose it to the market.

It should be pointed out that COPASA MG does not disclose guidance about its revenue, costs and results. However, to facilitate the development of projections, the following table shows some indicators recorded in the last three years. We also note that, for a better understanding of the Company, the projections should take into account the behavior of the revenue, costs and expenses, as well as the effects of the changes on tax policies, interest and foreign exchange rates.

Water (Consolidated)	unit	2014	2013	2012
Population served	thousand (annual average)	14,780	14,308	13,840
Number of connections	unit (annual average)	4,811,414	4,654,255	4,488,592
Billed volume	thousand m^3	689,737	684,359	667,325
Total net revenue	R$ / thousand	2,071,191	1,996,268	1,874,992
Average tariff	R$ /m^3	3.00	2.92	2.81
Inhabitant by connection	unit (annual average)	3.07	3.07	3.08
Revenue by connection	R$/conn (annual average)	430.47	428.91	417.72

Sewage (Consolidated)	unit	2014	2013	2012
Population served	thousand (annual average)	9,557	9,057	8,528
Number of connections	unit (annual average)	3,137,378	2,982,287	2,804,057
Billed volume	thousand m^3	453,448	446,754	428,220
Total net revenue	R$ / thousand	1,078,960	1,027,064	909,999
Average tariff	R$/	2.38	2.31	2.13
Inhabitant by connection	unit (annual average)	3.05	3.04	3.04
Revenue by connection	R$/conn (annual average)	343.91	344.39	324.53

Comments on the behavior of business projections

Water + Sewage (Consolidated)*	unit	2014	2013	2012
Total costs and expenses	R$ / thousand	2,479,275	2,316,423	2,043,297
Total costs and expenses without depreciation	R$ / thousand	1,991,145	1,885,805	1,663,367
Total costs and expenses by connection	R$/conn (annual average)	311.91	303.33	280.19
Costs and expenses without depreciation by connection	R$/conn (annual average)	250.50	246.94	228.09

*Water + sewage information is stated together, since these costs and expenses are not recorded separately.