COPASA

A água de Minas

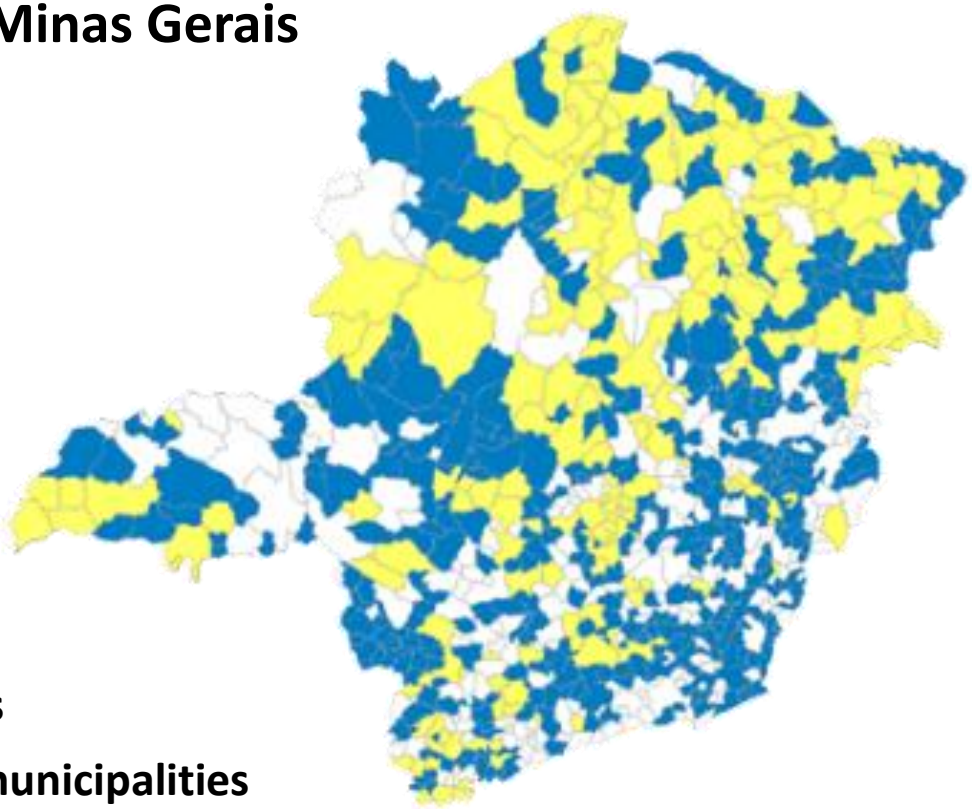
Earnings Release 2Q11



Overview

COPASA has concessions to operate in 618 of the 853 municipalities of the State of Minas Gerais





- **Water concessions - 397 municipalities**
- **Water and sewage concessions - 221 municipalities**
- **Not covered - 235 municipalities**

Overview

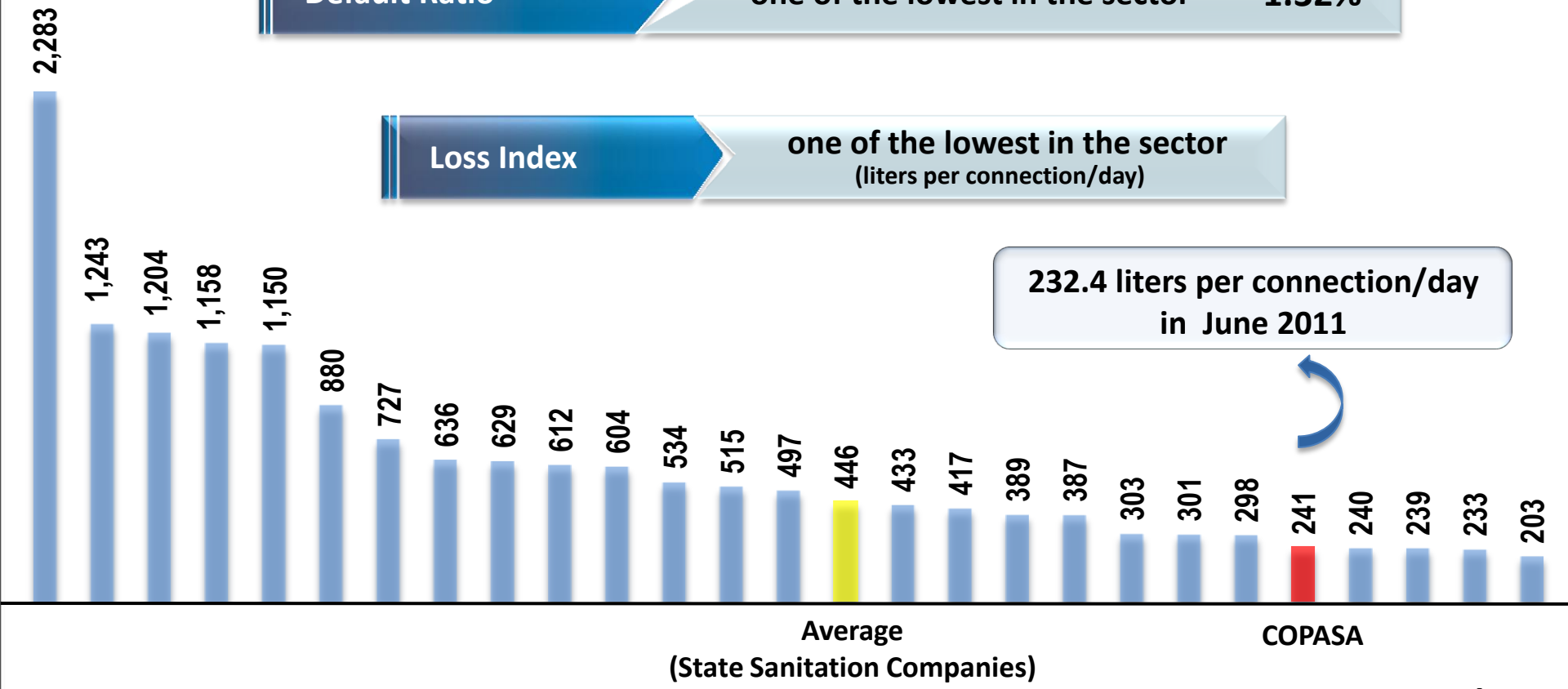
	2Q11[3]	2Q10[3]	Var (%)[4]
Population Served – Water (million)	13.4	12.9	3.4
Population Served – Sewage (million)	8.0	7.6	5.3
Water Connections (million)[1]	3.6	3.4	3.8
Sewage Connections (million)[1]	2.0	1.9	5.5
Water Units (million)[2]	4.3	4.2	3.5
Sewage Units (million)[2]	2.6	2.5	4.9
Water Network (1,000 km)	43.3	42.7	1.6
Sewage Network (1,000 km)	16.5	16.1	2.8

1 - Connections: link between the company's pipeline and the customer's building.
2 - Unit: subdivision of a building.
(E.g.: a 10 apartment building has 1 connection and 10 units)
3 - Consolidated data (includes cities operated by COPANOR).
4 - Variation is calculated by considering the number with all decimal places.

Operating Efficiency

Default Ratio — one of the lowest in the sector — **1.32%**

Loss Index — one of the lowest in the sector (liters per connection/day)



Source: SNIS 2008 (National Santitation Data System)

Expansion Plan

Expansion of Sewage Concessions

Municipalities where COPASA holds a water concession and does not hold a sewage concession

Population OVER 15,000 inhabitants

	2011 - 2013
Nº of Municipalities	31
Population (thousands)	1,500

- ✓ **2 concessions signed – 280,000 inhabitants;**
- ✓ **3 authorizing laws voted;**
- ✓ **26 concessions in negotiation.**

Expansion Plan

Expansion of Sewage Concessions

Municipalities where COPASA holds a water concession and does not hold a sewage concession

Population UNDER 15,000 inhabitants

	2011 - 2013
Nº of Municipalities	93
Population (thousands)	600

- ✓ **3 concessions signed – 30,000 inhabitants;**
- ✓ **24 authorizing laws voted;**
- ✓ **66 concessions in negotiation.**

Expansion Plan

Expansion of Water and Sewage Concessions

Municipalities where COPASA neither holds water nor sewage concessions

Population OVER 15,000 inhabitants

	2011 - 2013
Nº of Municipalities	31
Population (thousands)	1,400

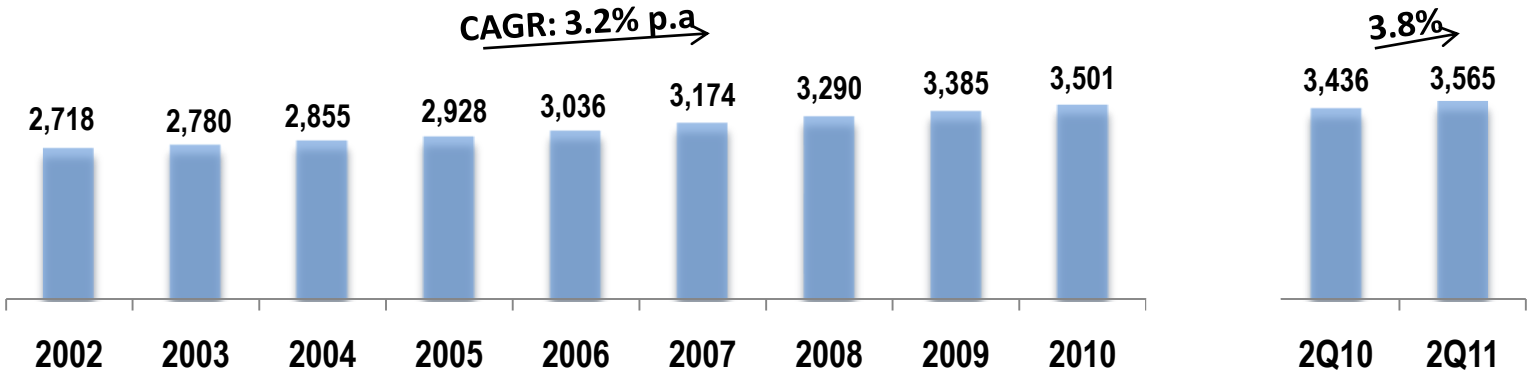
✓ **31 concessions in negotiation.**

Investments

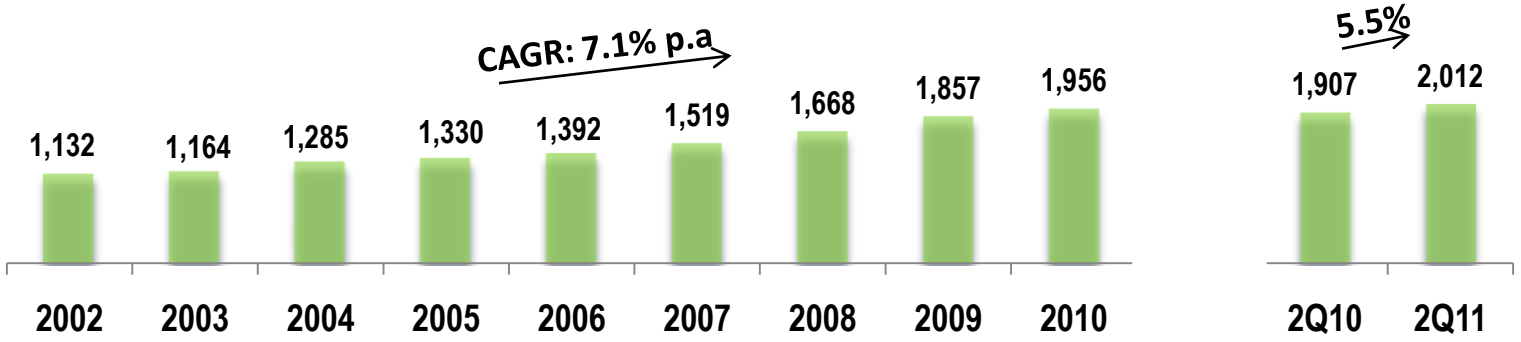
CAPEX (R$ million)				
	2010	**2011 Estimate**	**2Q11**	**1H11**
Water	359	271	57	140
Sewage	457	462	94	172
Others	22	17	6	8
Total	**838**	**750**	**157**	**320**

Customers

Water Connections (thousands)



Sewage Connections (thousands)



Dividend Policy

2011:

35% of Net Income, distributed as Interest on Equity – IOE.

1Q11	**R$ 39 million (R$ 0.34 per share). Payment date: May 23rd, 2011.**
2Q11	**R$ 41 million (R$ 0.36 per share). Payment date: August 26th, 2011.**

Tariff Adjustment

- Adjustment applied to consumption from April 23rd, 2011 → 7.02%
- Sewage tariffs restructuring:

% of water tariff	Until April 2011	From April 2011	2012
Sewage with Treatment	60%	75%	90%
Sewage without Treatment	40%	45%	50%

COPASA

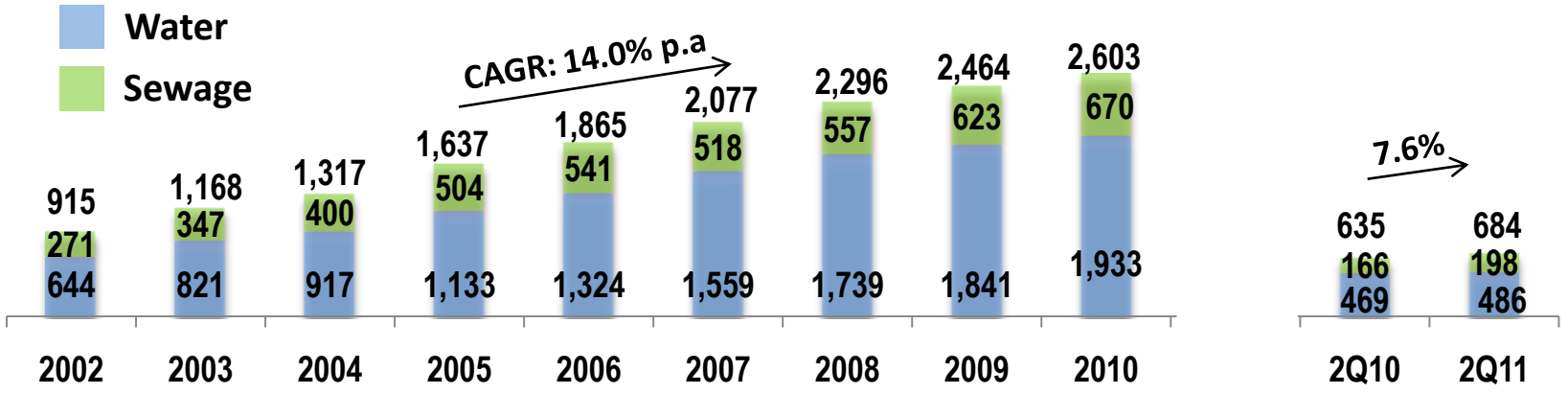
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Financial Performance 2Q11

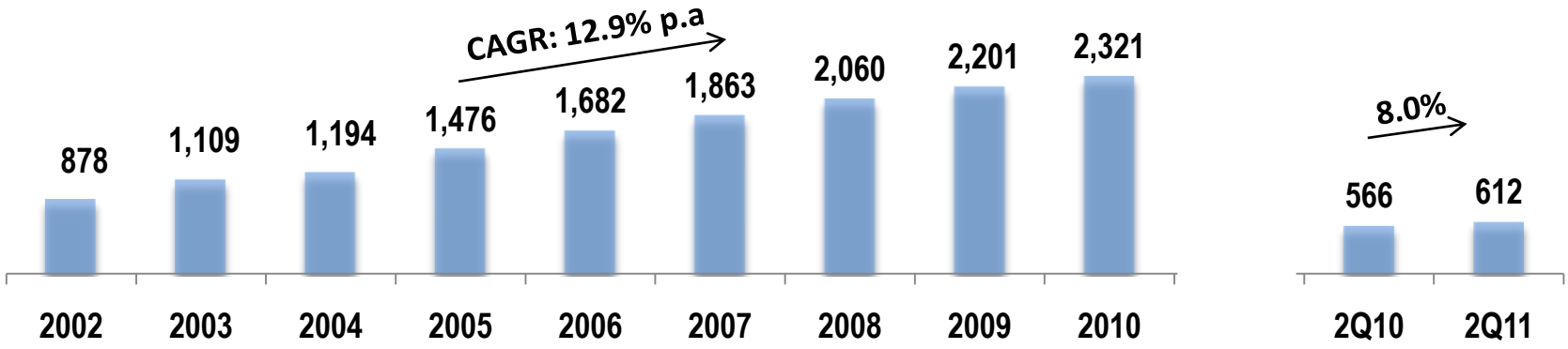


Cash Generation

Gross Revenue (R$ million)[1]

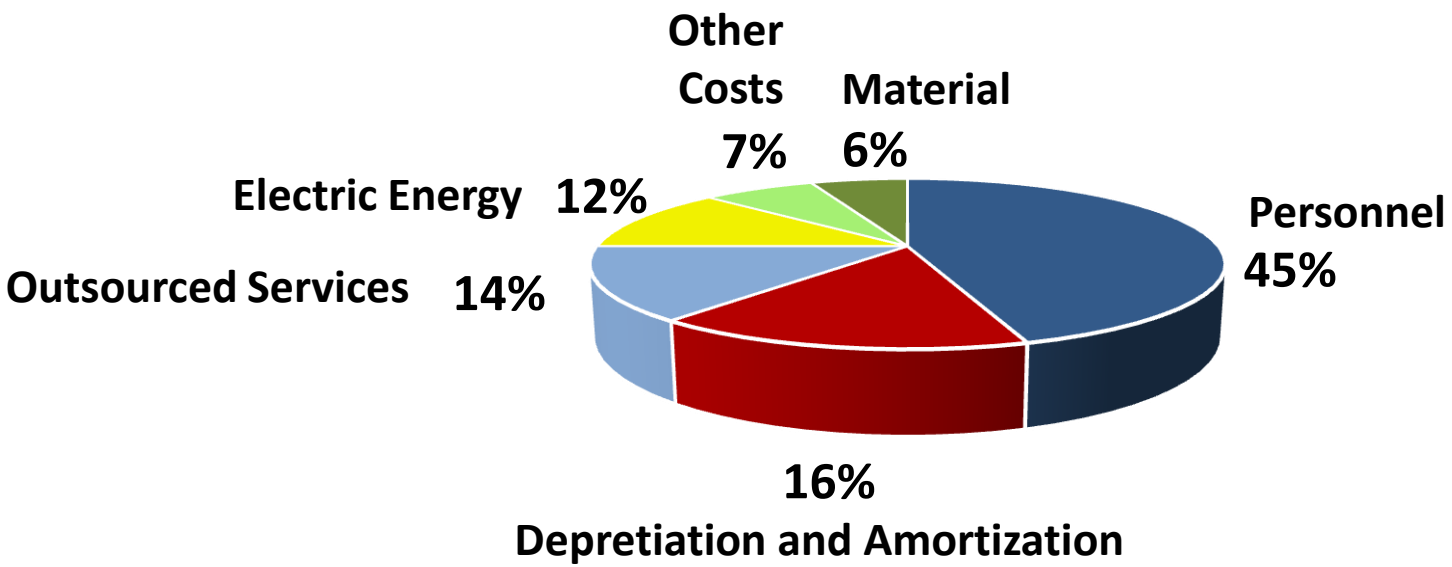


Net Operating Revenue (R$ million) [1]

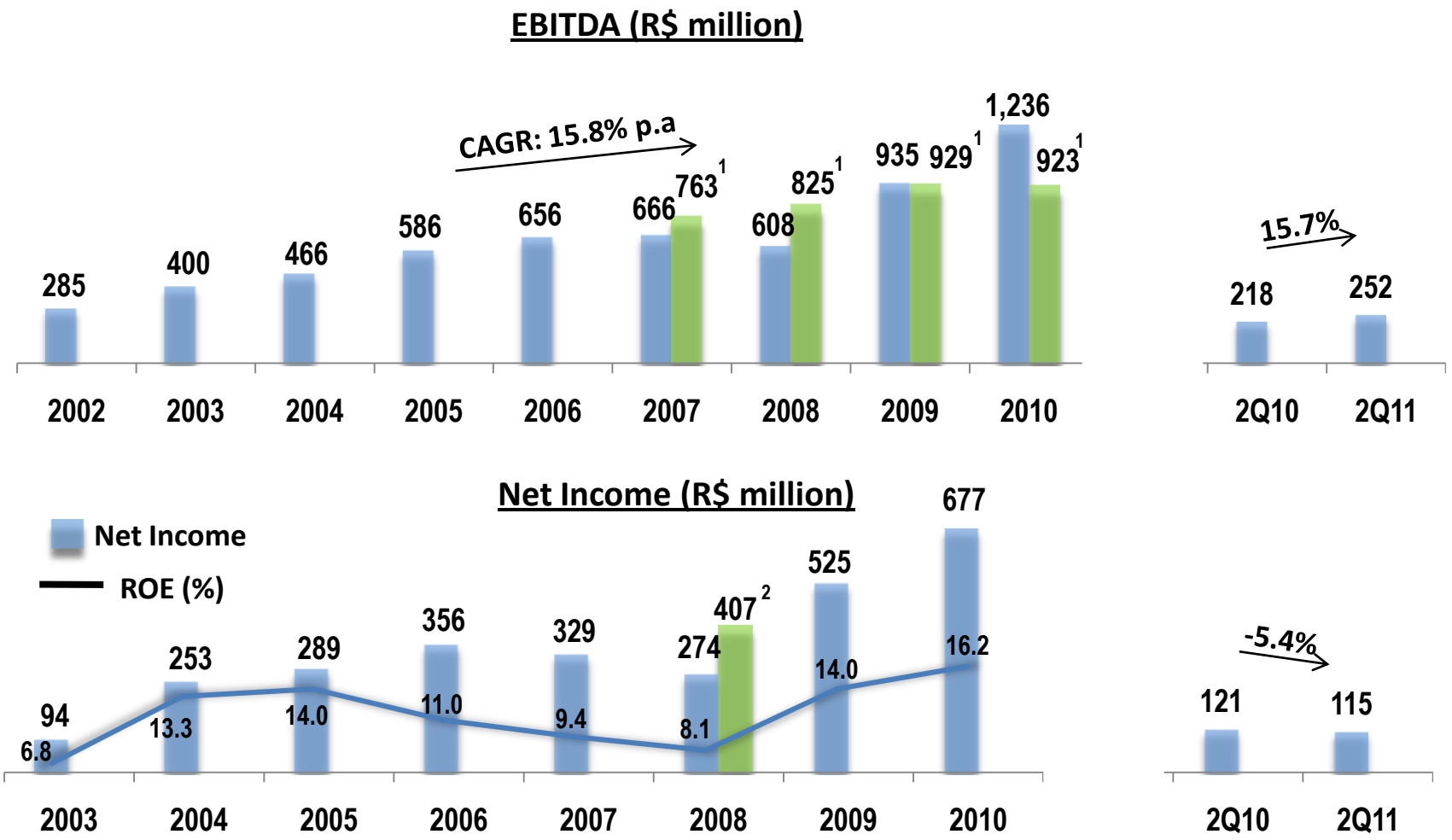


1 – Does not include Construction Revenues arising from the convergence into IFRS (Financial Statements from 2008 onwards) or Revenues from Finished Products.

Cost of Services Rendered and Commercial and Administrative Expenses 2Q11



Income

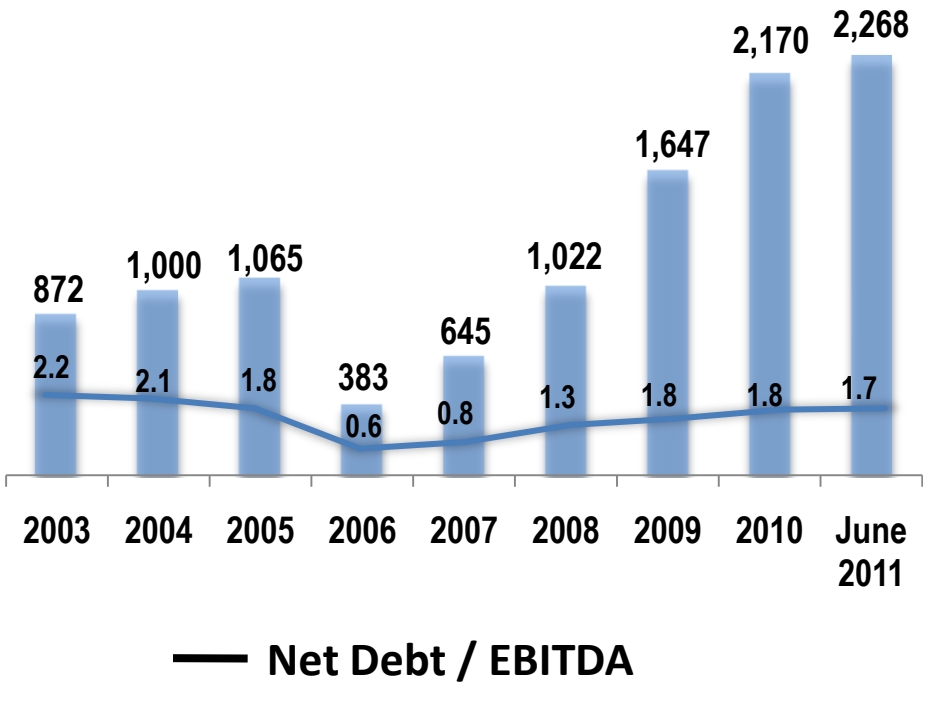


1 – EBITDA adjusted to non-recurring items.

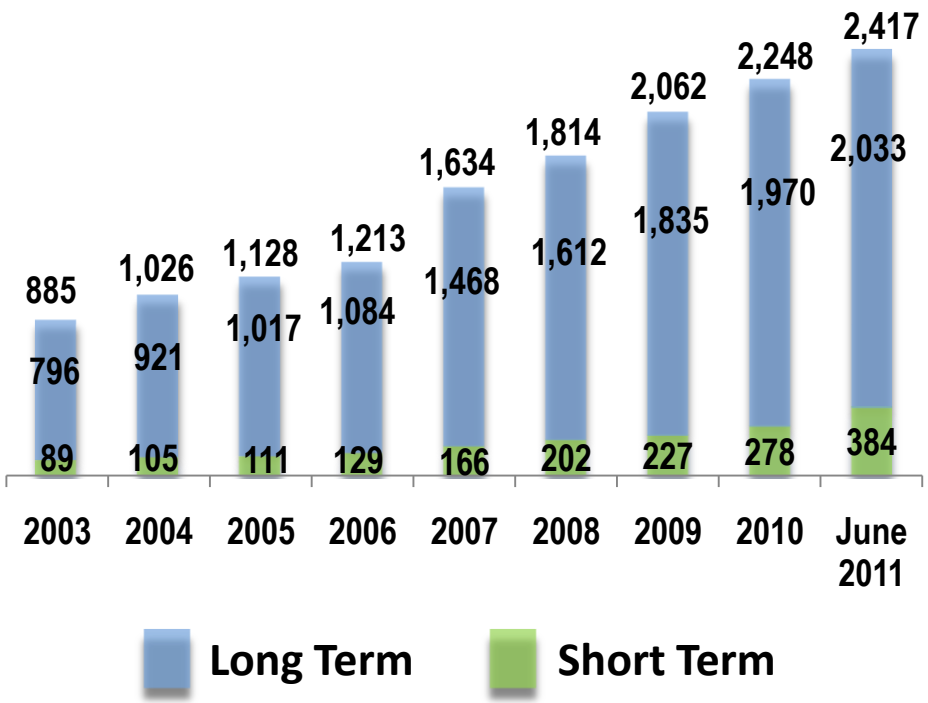
2 – Amount reported in 2008 and subsequently changed to recognize tax debts.

Indebtedness

Net Debt (R$ million)

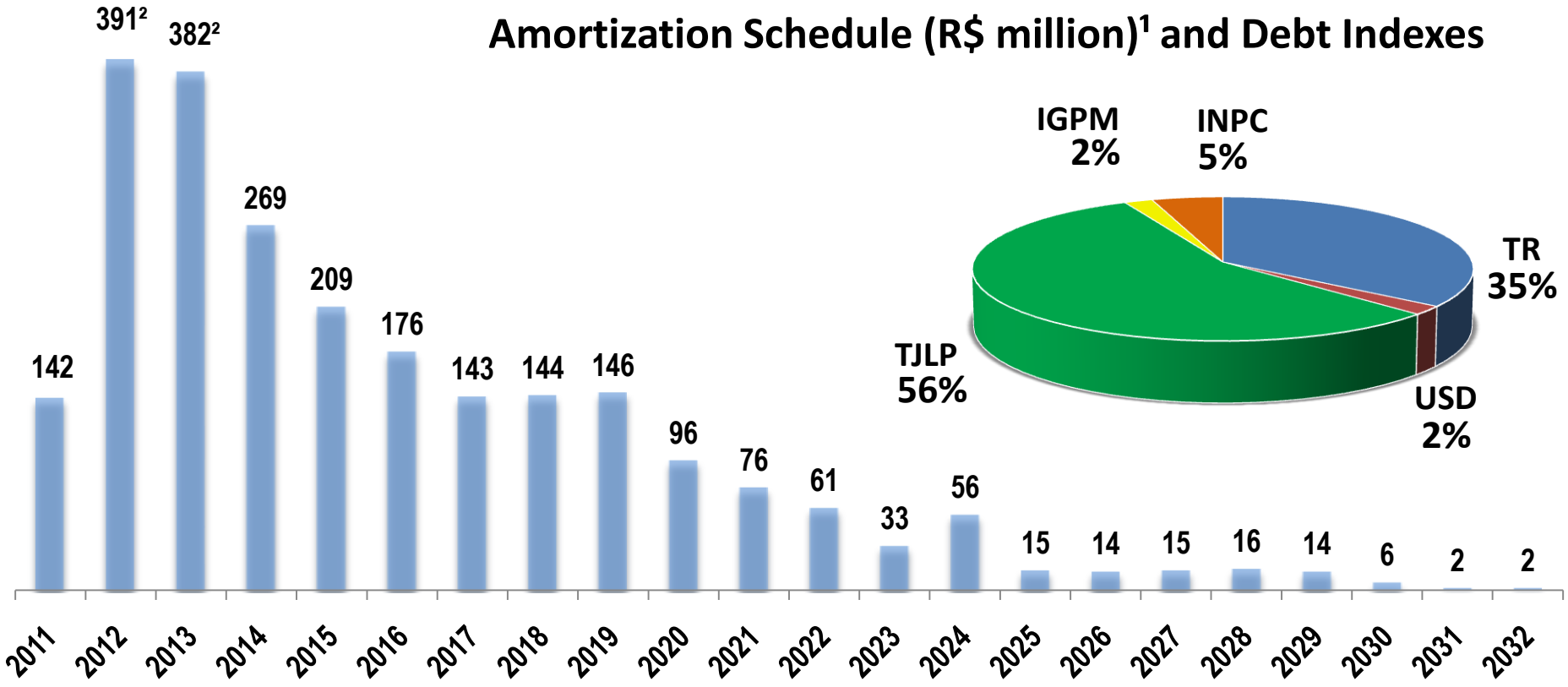


Gross Indebtedness (R$ million)



Indebtedness

Amortization Schedule (R$ million)[1] and Debt Indexes



Average rate: 8.5% p.a[3]

1 – As of June 30th, 2011, the Company had R$ 1,053 million of funds contracted from the Government Severance Indemnity Fund (FGTS) and the Brazilian Development Bank (BNDES) to be disbursed and recorded in liabilities as investments are made. The average grace period remaining of these funds is 10 and 36 months respectively, with amortization terms of 240 and 180 months respectively, therefore they are not displayed in the chart.

2 – Including debentures convertible into shares, totaling R$140 million, 50% of which maturing in June 2012 and the remaining in June 2013.

3 – With the exception of contracts with BNDES, all loans still have their remaining balances pegged to specific indexes, such as TR, IGP-M, INPC, and USD forex.

Rio das Velhas Production System



This document may contain future considerations on COPASA's business prospects. These are mere projections, being, therefore, entirely based on COPASA's management expectations regarding the future of the business. Such forward-looking statements are subject to risks and uncertainties which depend on factors including economic, political, financial and commercial conditions in the markets where we operate. Investors are hereby advised that these forecasts are no guarantee of future performance since they involve risks and uncertainties.

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