

EARNINGS RESULTS

2Q08

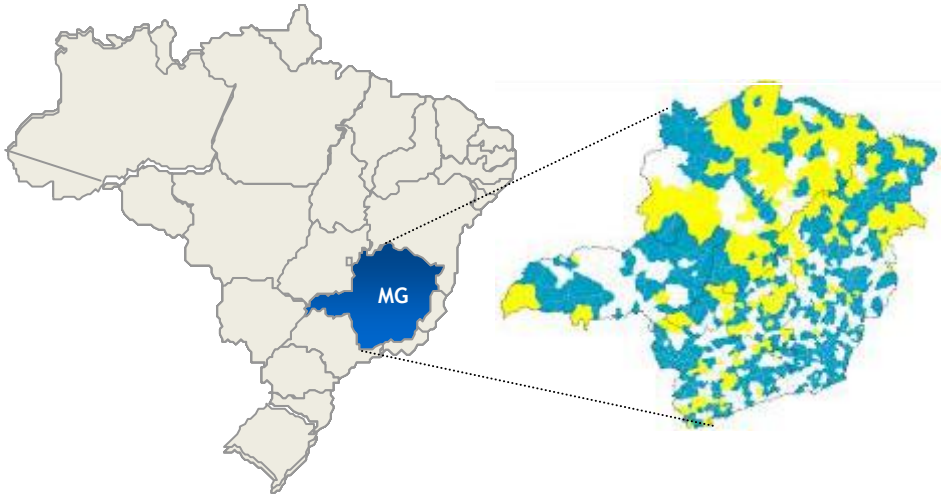
Highlights 2Q08

- **Net Revenues for the quarter reached R$511 million, an 10.3% growth over the 2Q07.**
- **2Q08 EBITDA totaled R$ 208 million compared with R$ 198 million in the 2Q07.**
- **COPASA signed 6 new sewage concessions agreements in the 2Q08.**
- **In 2Q08, COPASA initiated to operate water supply services in one municipality and sewage services in seven municipalities.**
- **Water supply services and sewage services concessions were renewed in seven municipalities and one municipality, respectively.**

- **On July 28, 2008, COPASA received the "*Prêmio ABRASCA de Criação de Valor*" (ABRASCA Award for Value Creation) as the best company in the sewerage sector and water and gas services.**
- **On August 7, 2008, the Company was elected the best company in the public services sector for the fourth consecutive year by *Isto É Dinheiro* magazine.**
- **On August 12, 2008, COPASA received the "*Prêmio Empresa de Valor 2008*", as the best company in the sewerage sector, from *Jornal Valor Econômico*.**

COPASA's Overview

Copasa has concessions to operate in 611 MG municipalities



- Water and sewage concessions: 189 municipalities
- Water concessions: 422 municipalities
- Not covered: 242 municipalities

COPASA's Overview

- Since 1963 providing water and sewage services in the State of Minas Gerais;
- Operates within a natural monopoly with low operating risk.

	Jun/08	Jun/07	Chg (%)[3]
Population Attended – Water (Million)	12.2	11.8	3.8
Population Attended – Sewage (Million)	6.4	6.0	6.0
Connections[(1)] – Water (Million)	3.2	3.1	3.8
Connections[(1)] – Sewage (Million)	1.6	1.5	7.3
Water Units[(2)] (Million)	3.9	3.8	3.5
Sewage Units[(2)] (Million)	2.1	2.0	6.2
Water Network (Thousand Km)	40.3	38.8	3.8
Sewage Network (Thousands Km)	14.1	12.8	10.2

1 - Connection: link between the company's pipeline and the client building.
2 - Unit: subdivisions of a building.
Ex: a 10 apartments building has 1 connection and 10 units.
3 - Variation is calculated by considering the number with all decimal digits.

Concessions



Revenues guaranteed by contract agreements (%)

Revenues of agreements expiring in the period (%)

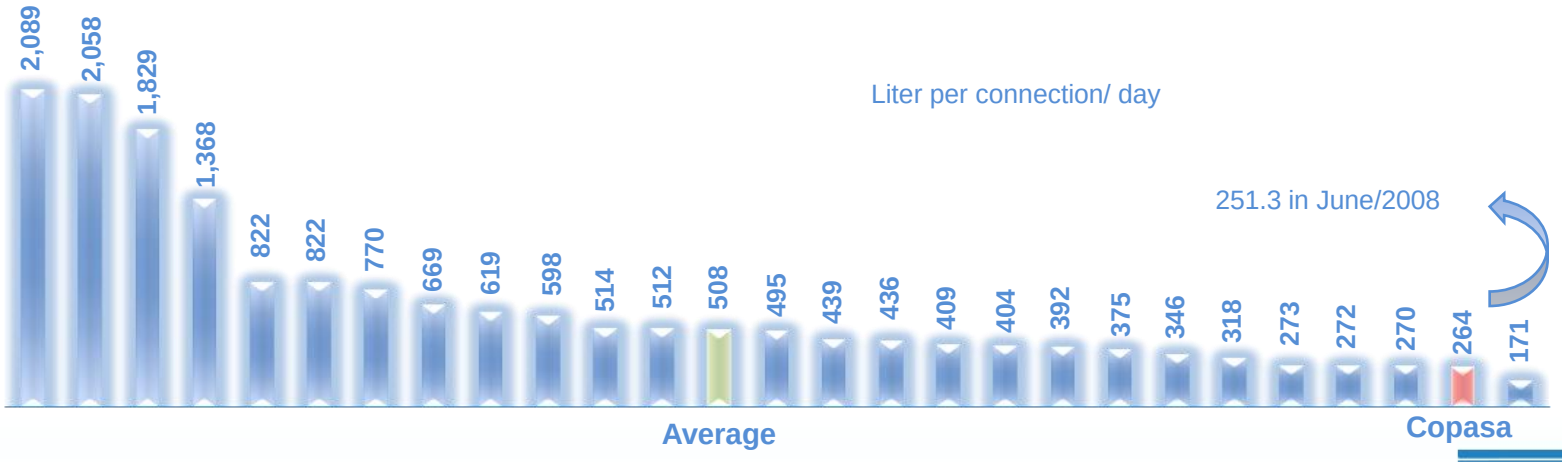
1 – To calculate the percentage of revenues coming from contracts expiring during the year of 2008, we included concessions that have expired in 2007 (4%) and are currently being renegotiated and should have an approved renewal soon.

Operating Efficiency

Default Ratio: the lowest in the sector

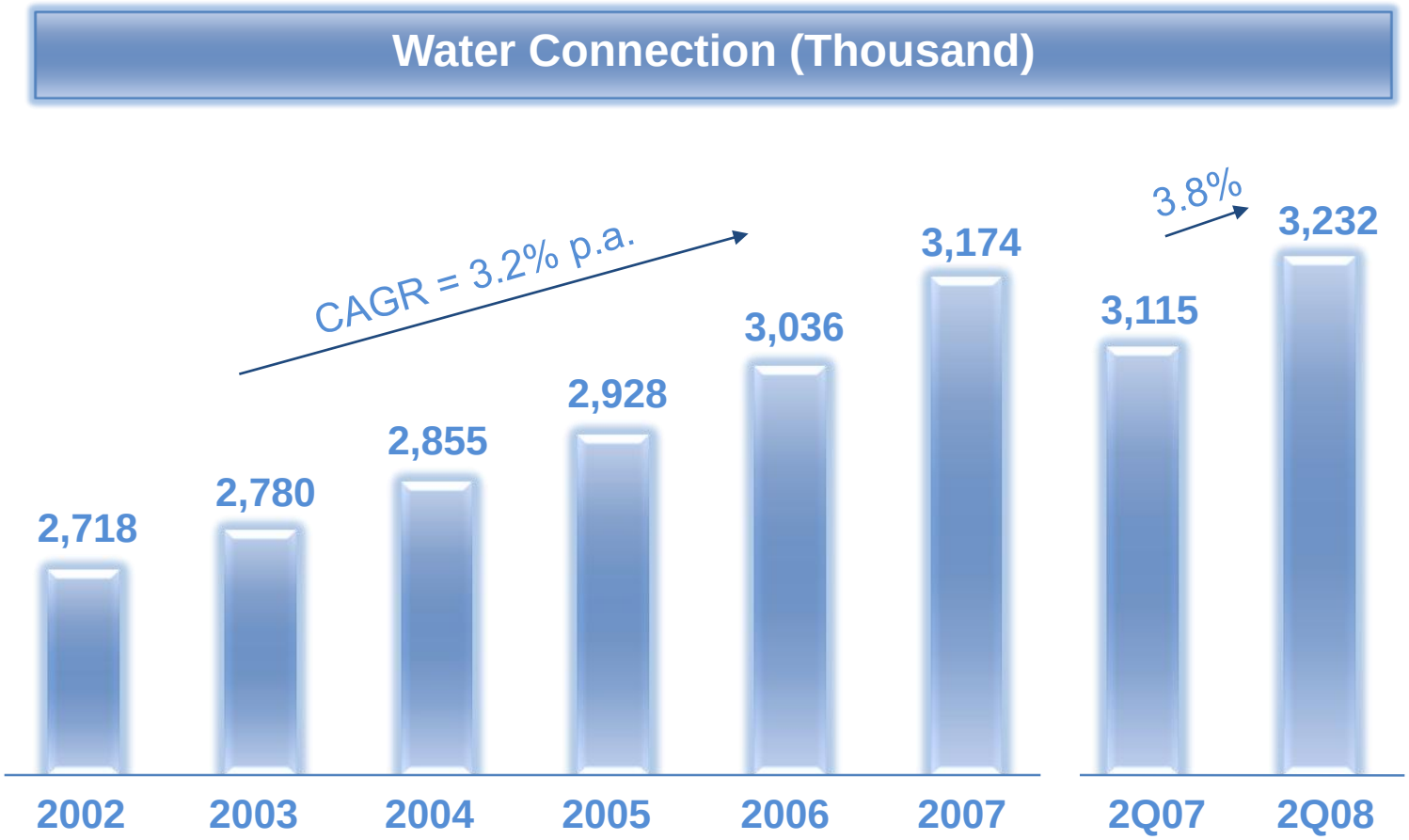
Default Ratio	1.63%

Loss Ratio: one of the lowest in the sector



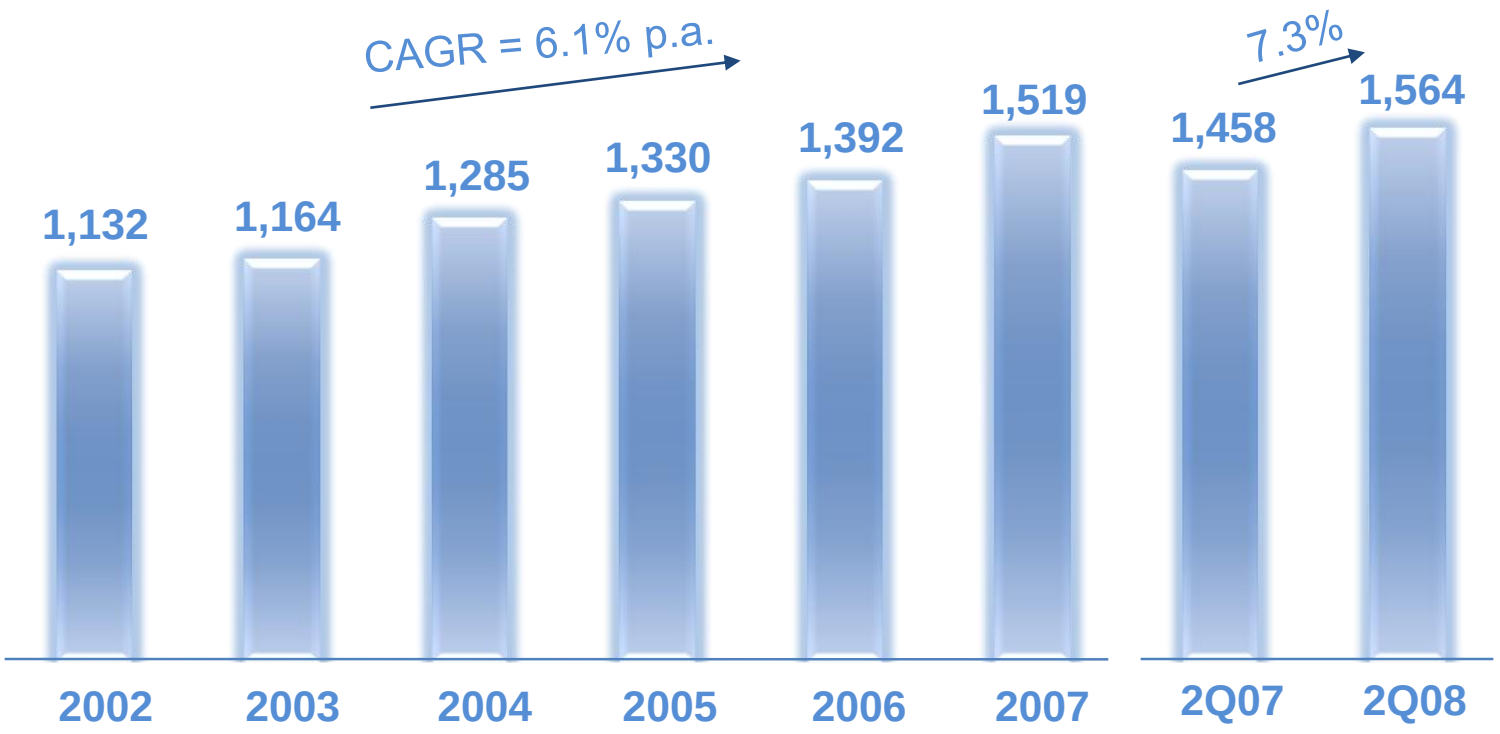
Source: 2006 National Information System on Sanitation

Customers


Water Connection (Thousand)
CAGR = 3.2% p.a.
3.8%
2,718
2,780
2,855
2,928
3,036
3,174
3,115
3,232
2002
2003
2004
2005
2006
2007
2Q07
2Q08

Customers

Sewage Connections (Thousand)

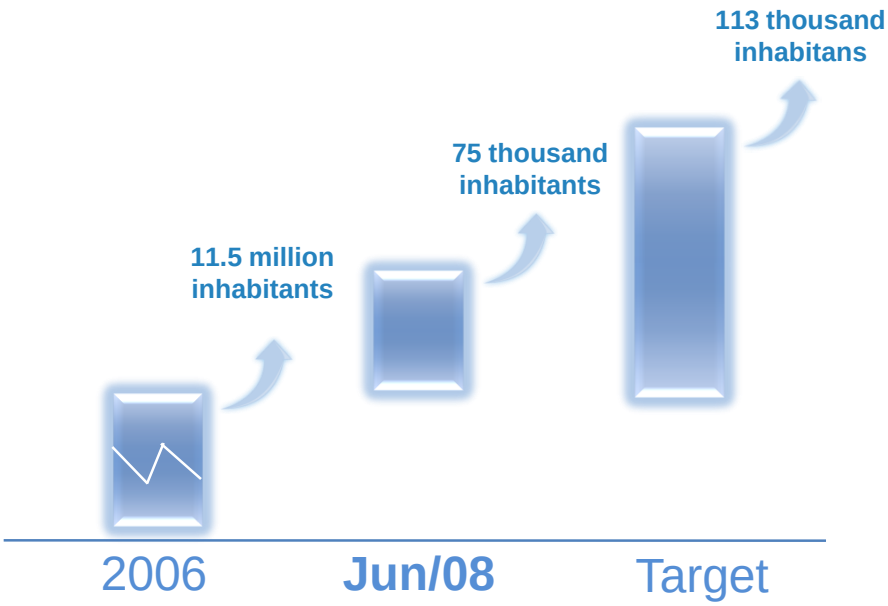


Growth Drivers

Operating all the concessions

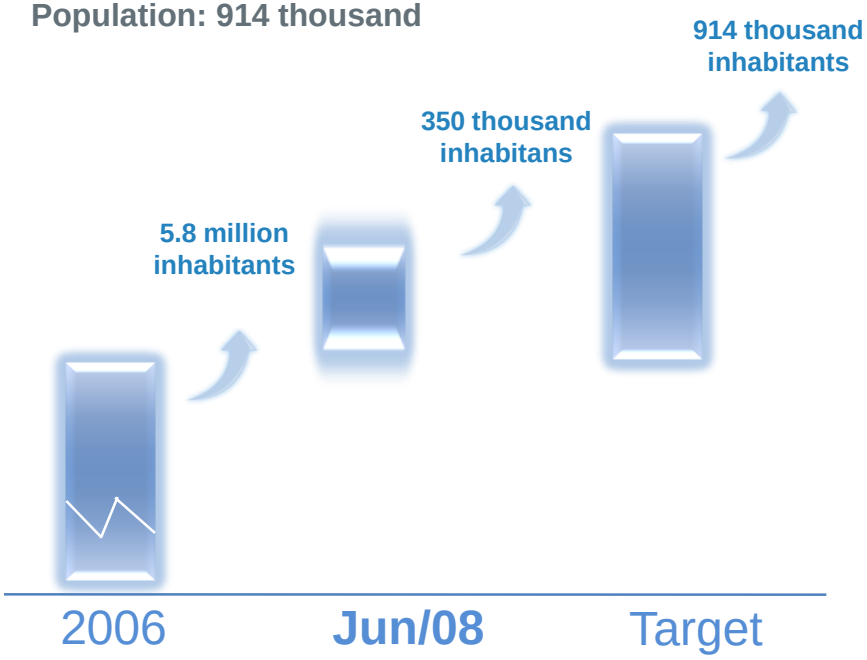
Water

Population: 113 thousand



Sewage

Population: 914 thousand

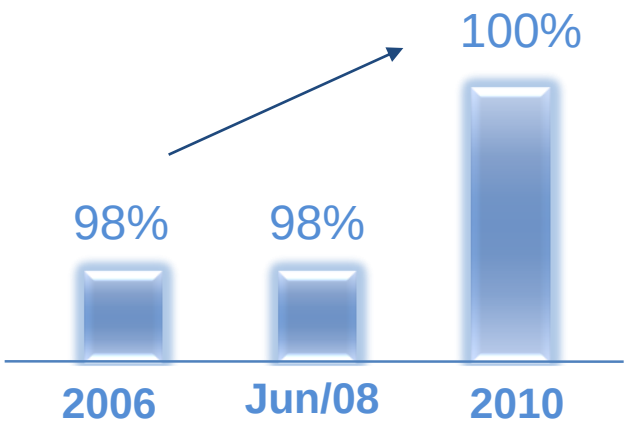


Growth Drivers

Coverage Increase

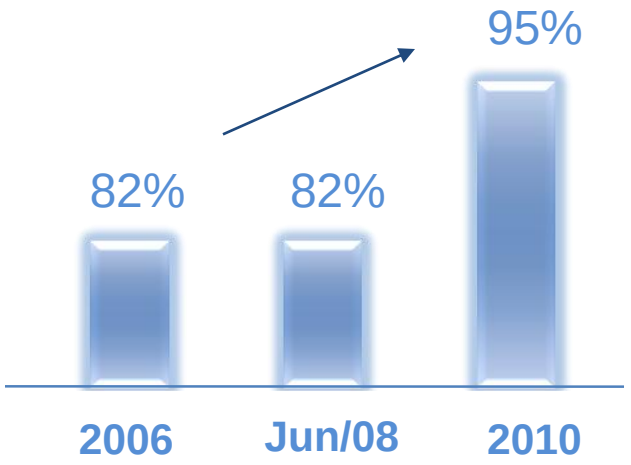
Water Suplly Ratio

Population: 235 thousand



Sewage Collection Ratio

Population: 837 thousand



Growth Drivers

Expansion of Sewage Connection

Municipalities with Water Concession and no Sewage Connection (June 30, 2008)	422
Concession Municipalities with >15,000 inhabitants	51
Total Population (million)	1.90
Municipalities with < 15,000 inhabitants	108
Total Population (million)	0.61

# Municipalities	Status	Population (thousand
07	Signed	59
05	Law voted	32
41	Negotiation	262
53	Total	346

# Municipalities	Status	Population (thousand
12	Signed	277
05	Law voted	320
25	Negotiation	978
42	Total	1,575

Growth Drivers

Expasion of Water and Sewage

Municipalities without Water and Sewage Concession (June 30, 2008)	242
Municipalities > 15,000 inhabitants	33
Total Population (million)	1.5
Other Municipalities	209



# Municipalities	Status	Population (million)
02	Signed	69
-	Law Voted	-
08	Negotiation	409
10	Total	478

Investments

Capex 2008		
R$ Milion	FY08 Projected	1H08 Accomplished
Water	326	201
Sewage	644	214
Others	30	11
Total	1,000	426

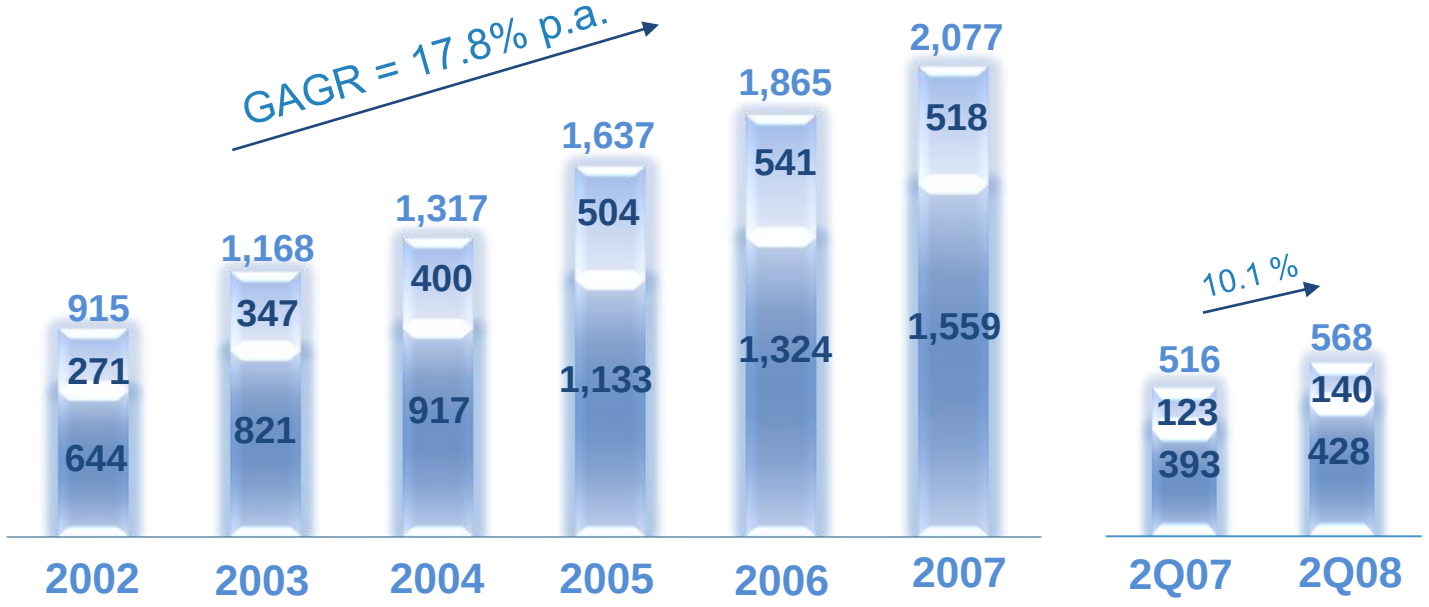
Projected Investment			
(R$ million)	2008	2009	2010
Current Concession	542	367	365
Water	177	124	105
Sewage	335	211	228
Others	30	32	32
New Concessions	458	483	480
Water	149	149	151
Sewage	309	334	329
TOTAL	1,000	850	845



FINANCIAL RESULTS

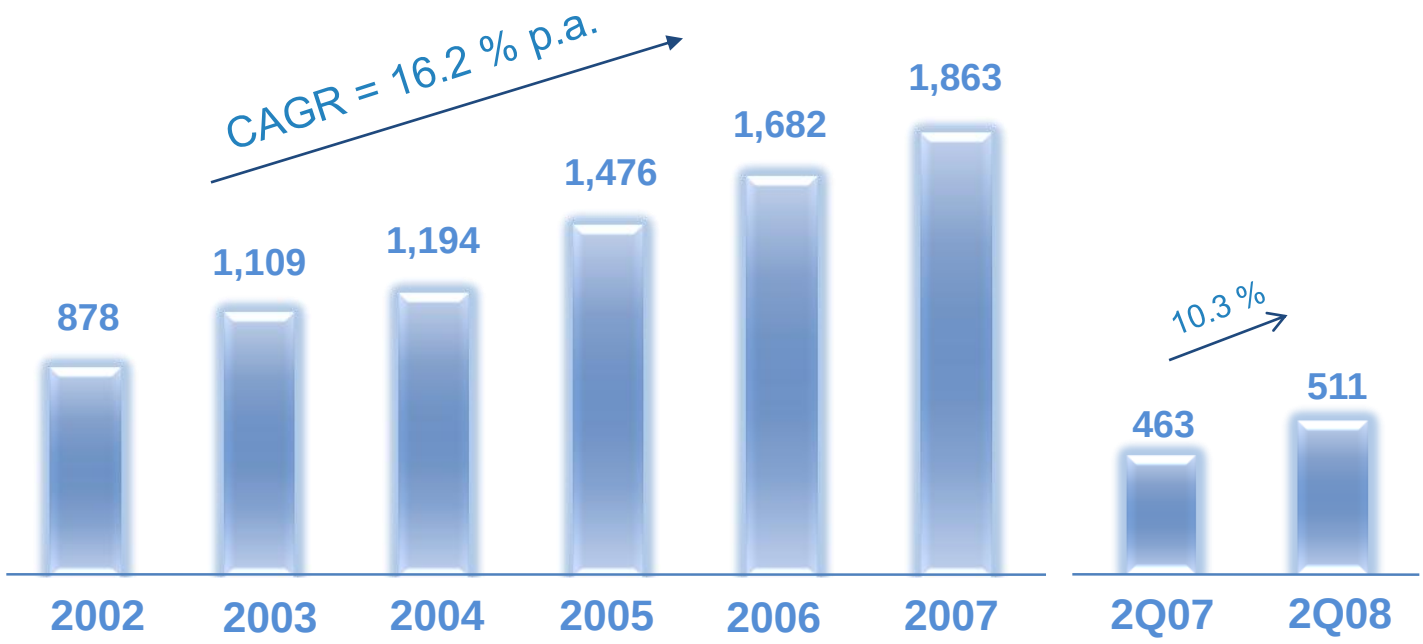
Cash Generation

Gross Revenue (R$ Million)



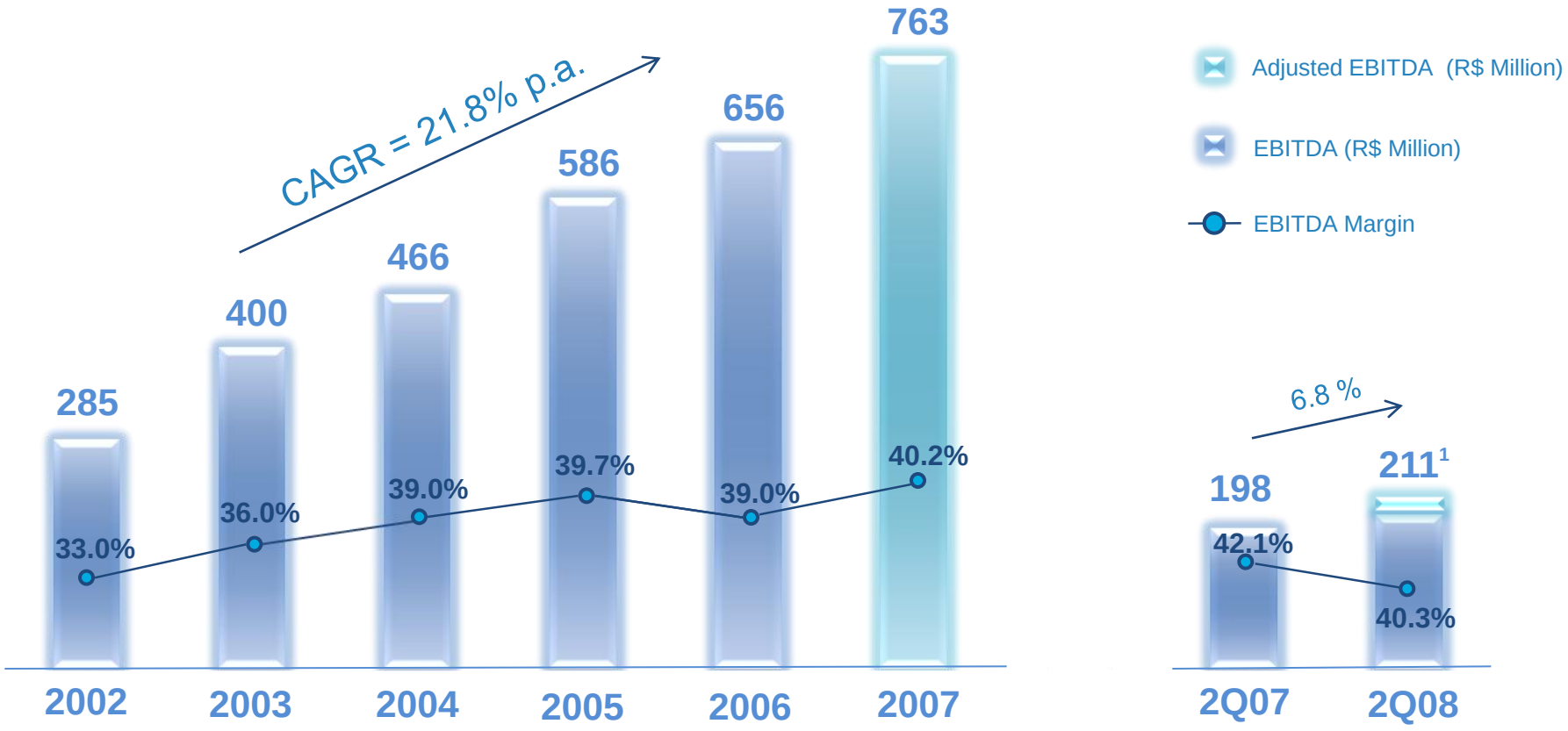
Cash Generation

Net Revenue (R$ Million)



Cash Generation

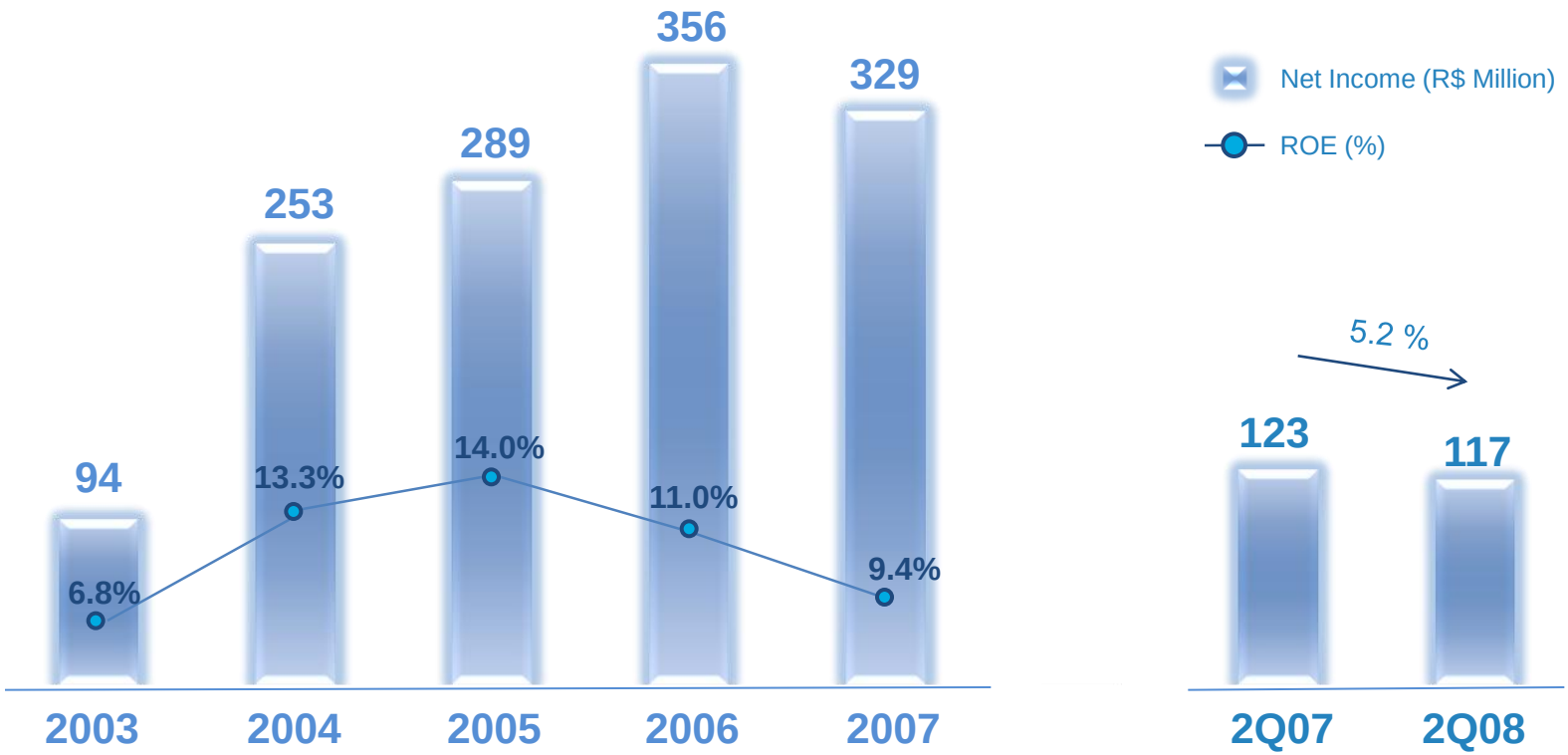
EBITDA (R$ Million)



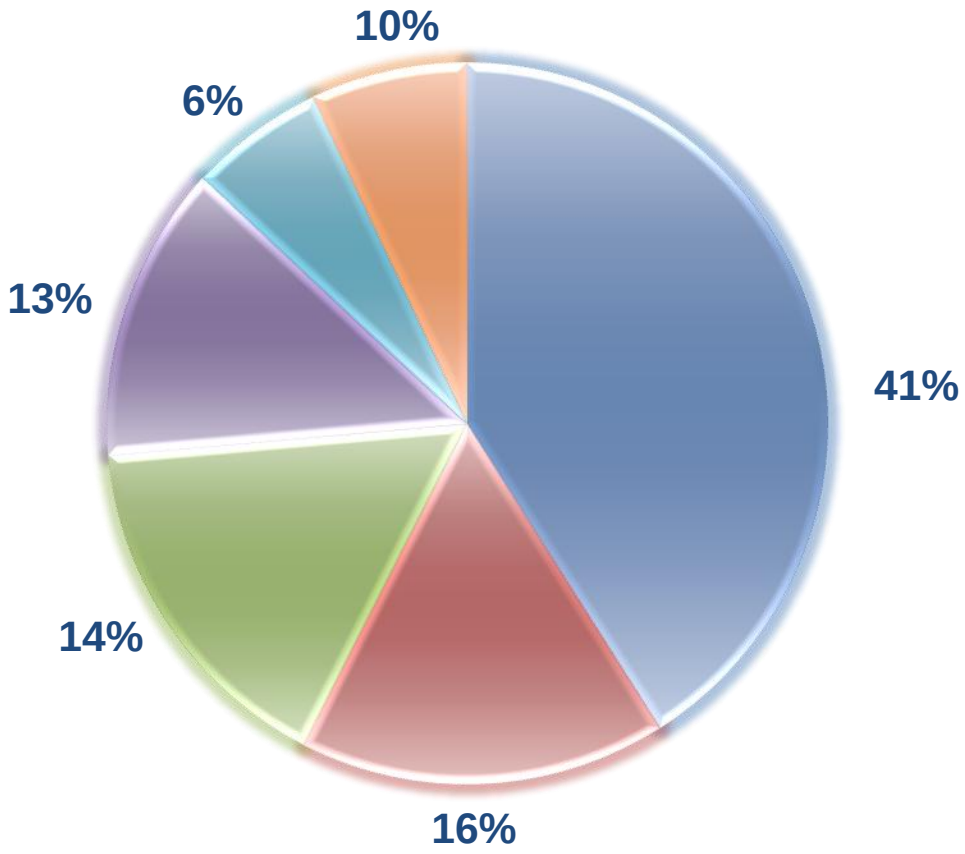
1- 2Q08 EBITDA and EBITDA Margin Adjusted not considering the PDA non-recurring value of R$ 3 million.

Profitability

Net Income (R$ Million)



Total Costs Breakdown 2Q08



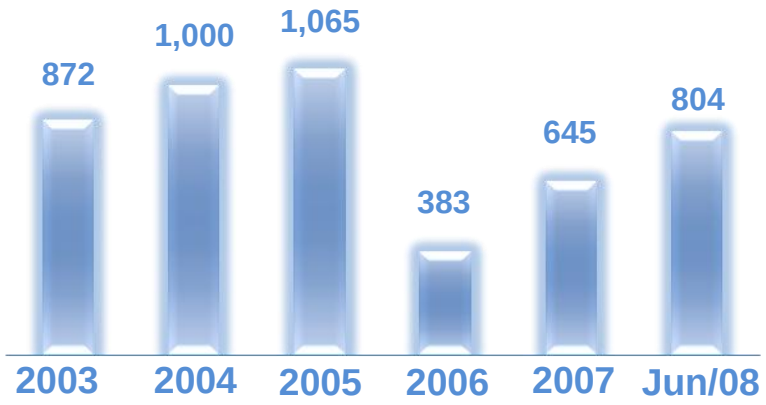
Drivers Impacting costs:

- Electric Power: regulated tariff
- Payroll: annual adjustment in line with the INPC inflationary index

- Payroll
- Depreciation and amortization
- Electric Power
- Outsourced Services
- Material
- Other Costs

Indebteness

Net Debt (R$ Million)

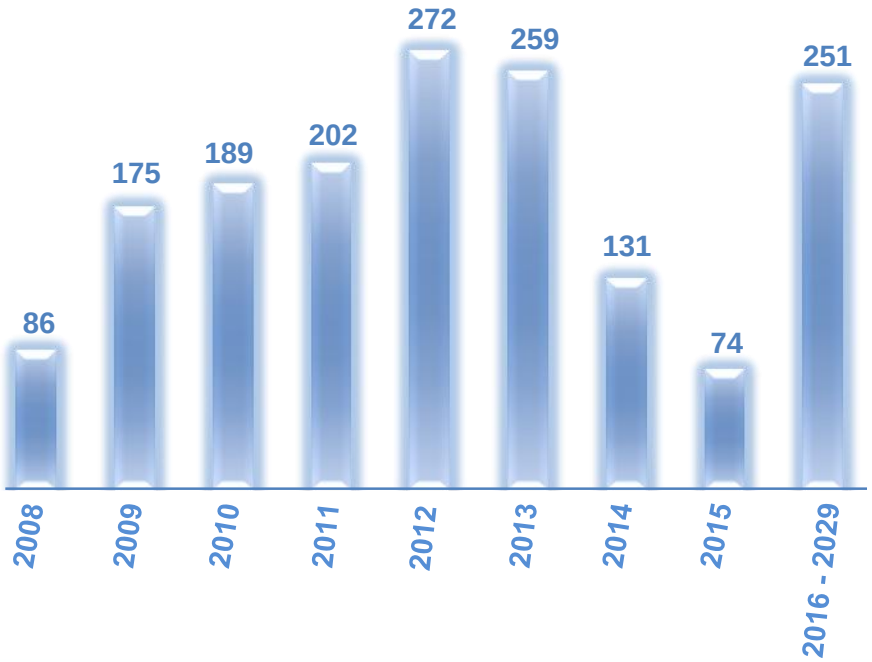


Gross Debt (R$ Million)



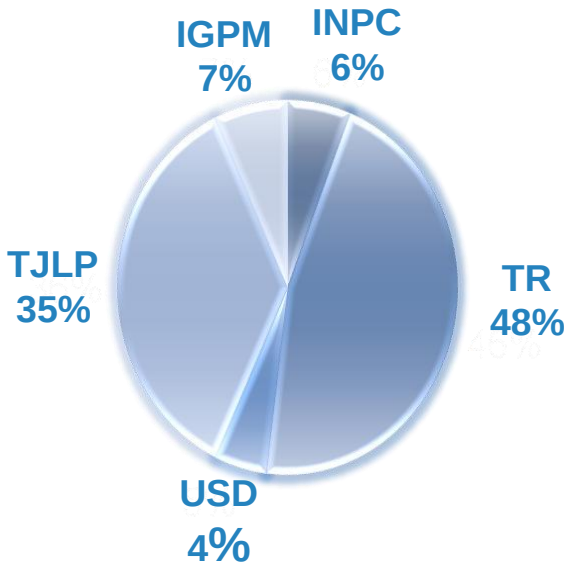
Amortization

Amortization Schedule (R$ Million)



Real Average Cost of Debt: 5.59% p.a.

Debt Indexes



Disclaimer

This document may contain future considerations on COPASA's business prospects. These are mere projections and, therefore, based entirely 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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