

EARNINGS RESULTS

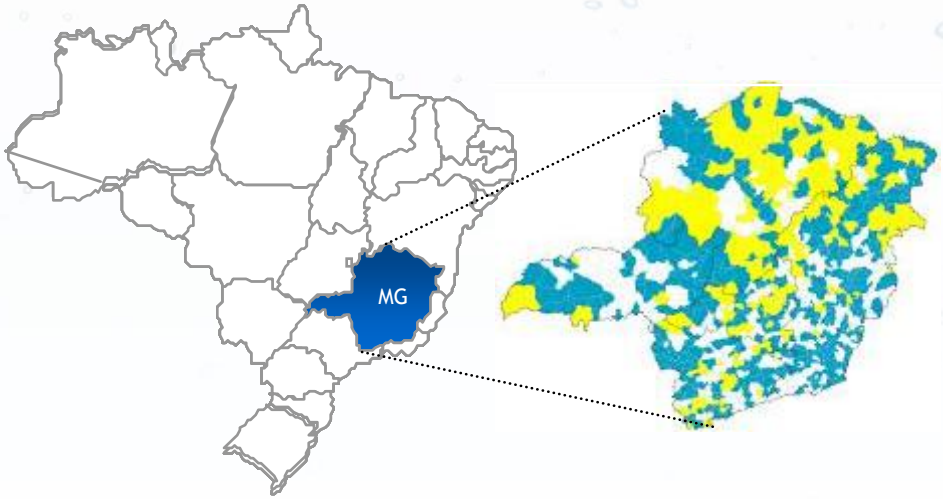
2Q09

Highlights

- Net operating revenue was R$1,076 million in 1H09, versus R$979 million in 1H08 (9.9% growth);
- EBITDA totaled R$462 million in 1H09, versus R$399 million in the same period of the previous year;
- Net Income was R$241 million in 1H09, versus R$203 million recorded in the first half of 2008;
- In 2Q09, we began providing water services to the city of Grupiara, which has a population of 1,255 inhabitants, and sewage services to Santos Dumont, Rio Casca and Camanducaia, which have a combined population of 71,645 inhabitants;
- The water service concession was renewed for the municipality of São José do Alegre.
- Payment of Interest on Equity related to the 2Q09 - R$43.6 million that will be paid in 08/21/09

COPASA – Overview

COPASA has concessions to operate in 611 MG Municipalities



- Water and sewage concessions: 194 municipalities
- Water Concessions: 417 municipalities
- Not Covered: 242 municipalities

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COPASA – Overview

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

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	June 2009	June 2008	Chg (%)[3]
Population Attended – Water (Million)	12.6	12.2	2.8
Population Attended – Sewage (Million)	7.1	6.4	11.0
Connections [1] – Water (Million)	3.3	3.2	2.5
Connections [1] – Sewage (Million)	1.8	1.6	13.0
Water Units [2] – (Million)	4.0	3.9	2.5
Sewage Units [2] – (Million)	2.3	2.1	10.9
Water Network (Thousand Km)	40.9	40.3	1.6
Sewage Network (Thousand Km)	15.0	14.1	7.0

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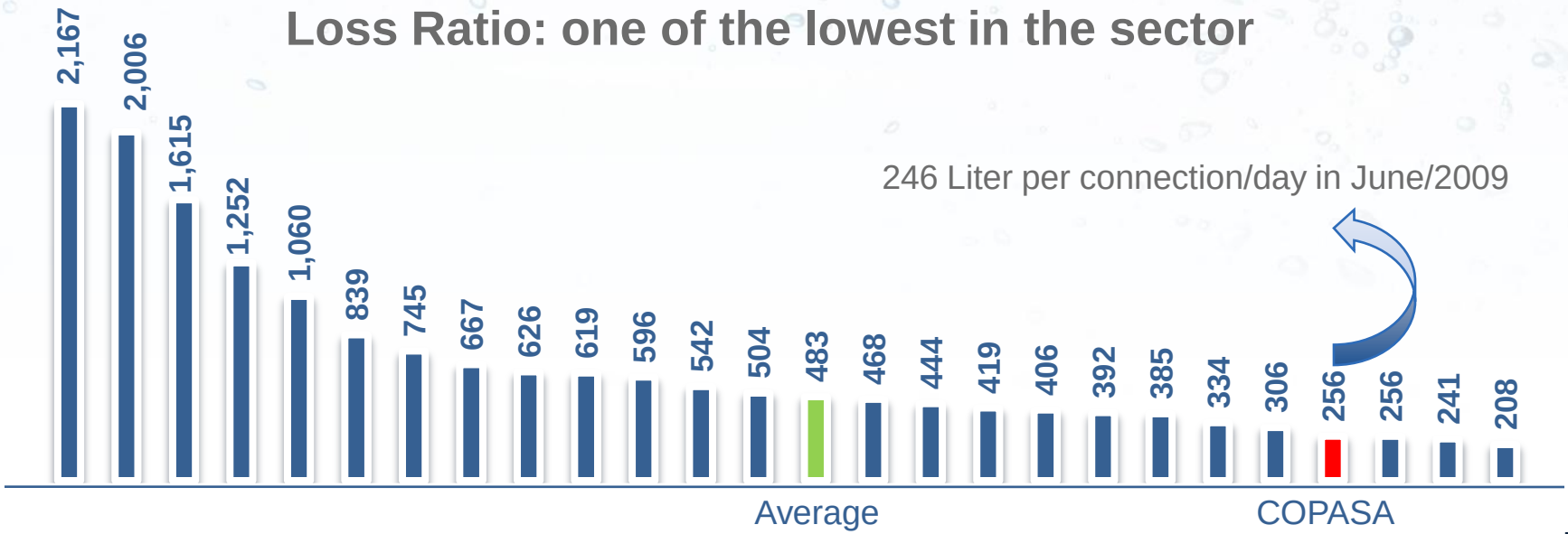
1 - Connection: link between the company's pipeline and the client building.
2 - Unit: subdivisions of a building.
I.E.: a 10 apartments building has 1 connection and 10 units.
3 -Variation is calculated by considering the full number with all decimal digits.

Operating Efficiency

Default Ratio: the lowest in the sector

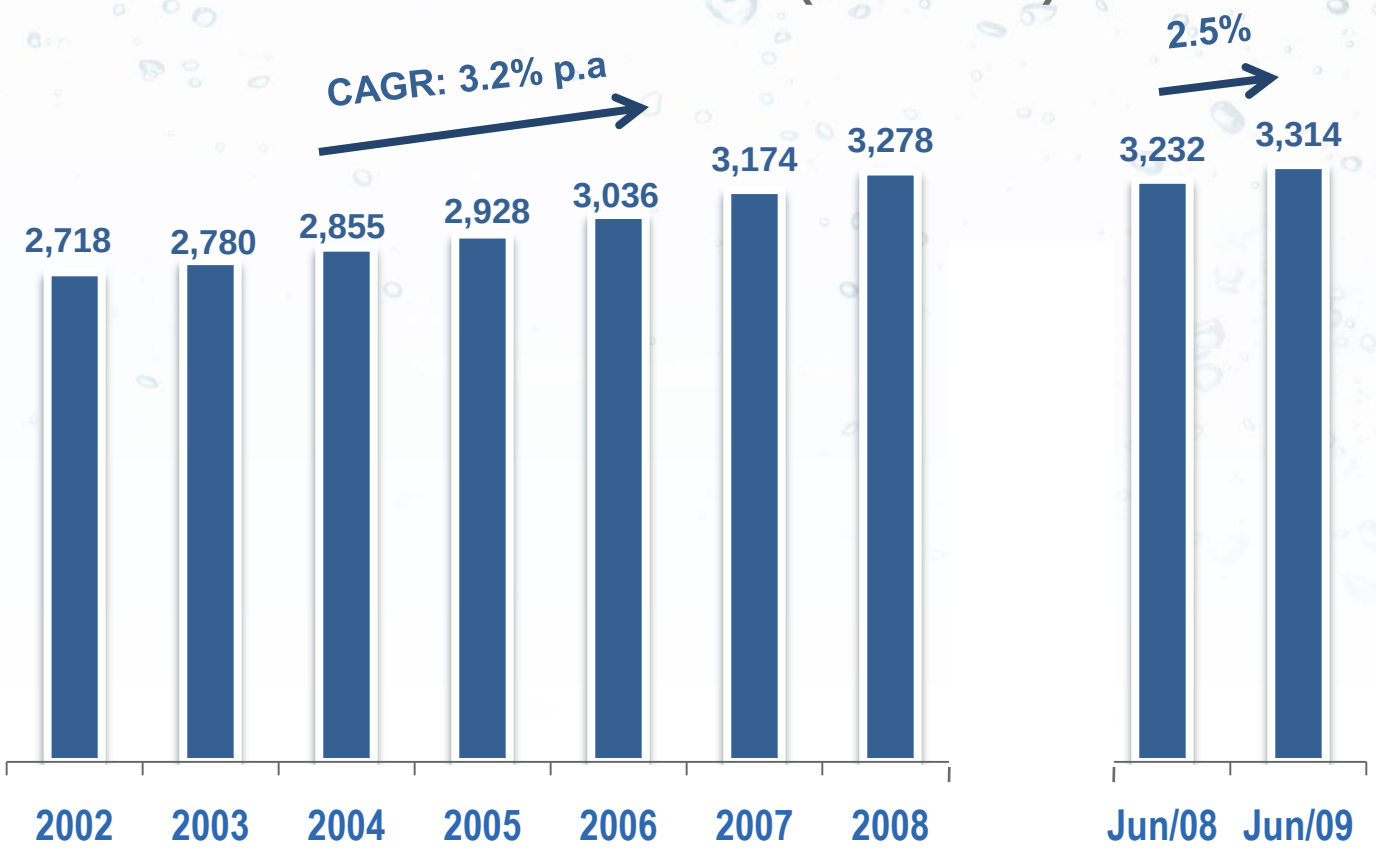
Default Ratio	**1.57%**

Loss Ratio: one of the lowest in the sector



Customers

Water Connections (Thousand)



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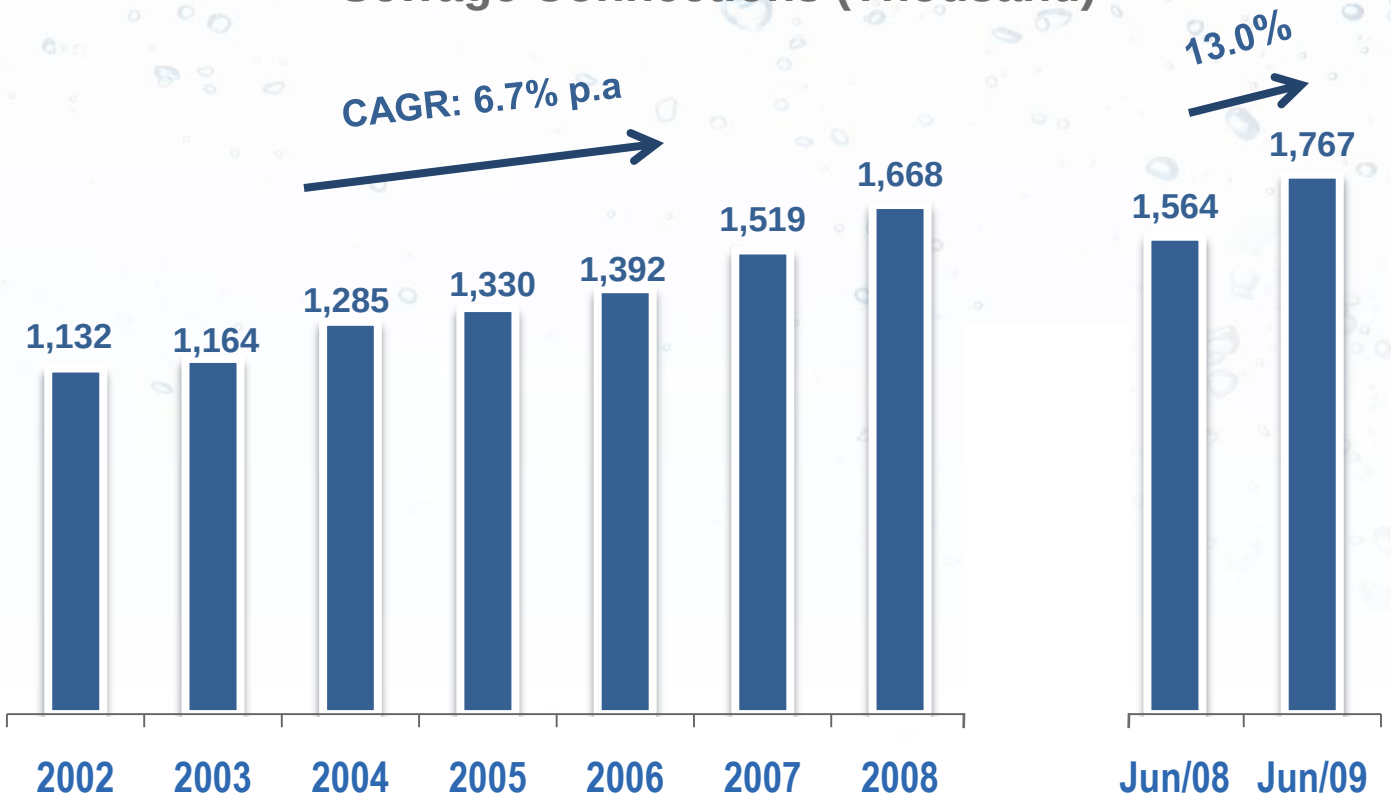
Customers

Sewage Connections (Thousand)



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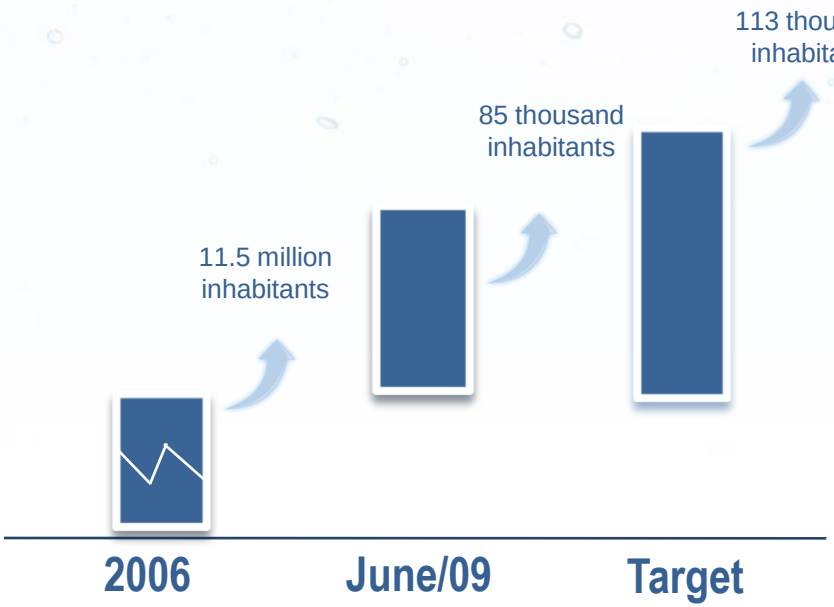
Growth Drivers

Operating all the concessions

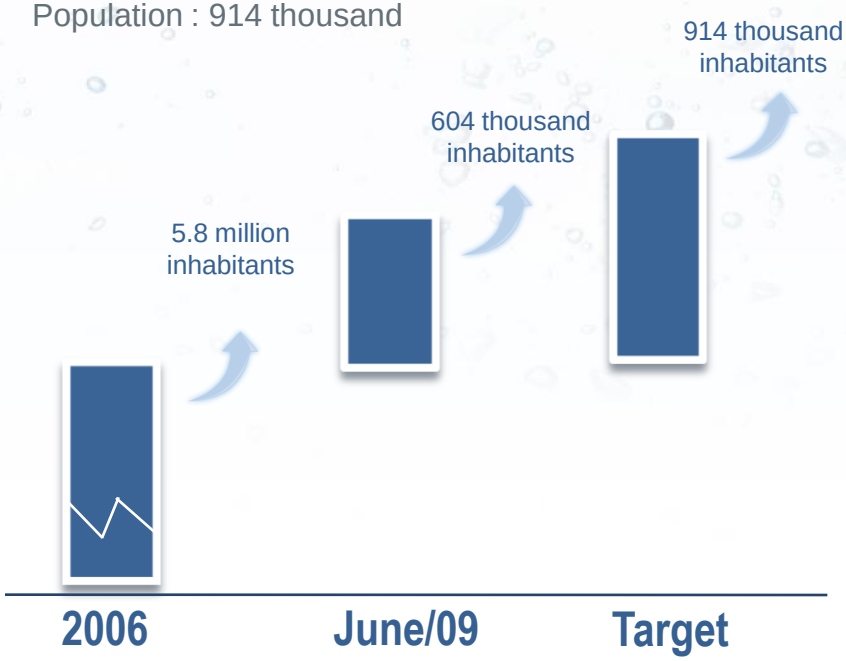
Water

Population: 113 thousand



Sewage

Population : 914 thousand



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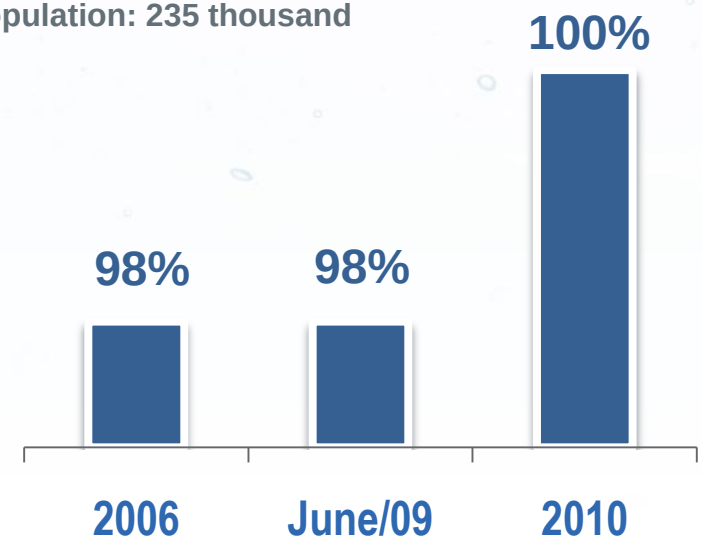
Growth Drivers

Increase in Coverage Ratio

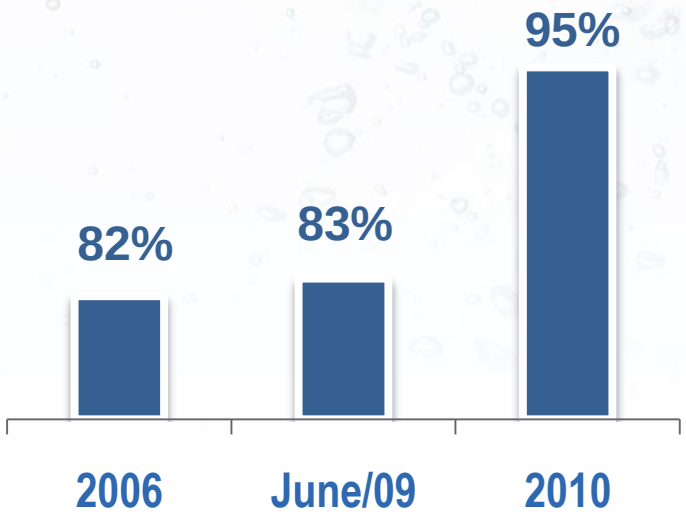
Water

Population: 235 thousand



Sewage

Population: 837 thousand



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Growth Drivers

Expansion of Sewage Concessions 2Q09

Municipalities with Water Concession and no Sewage Connection (06/30/2009)	417
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
12	Law voted	89
71	Negotiation	464
90	Total	612

# Municipalities	Status	Population (thousand)
14	Signed	473
06	Law voted	395
29	Negotiation	1,031
49	Total	1,899

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Growth Drivers

Expansion of Water and Sewage Concessions

Municipalities without Water and Sewage Concession (06/30/2009)	242
Municipalities with >15,000 inhabitants	33
Total Population (million)	1.50
Other Municipalities	209

# Municipalities	Status	Population (thousand)
02	Signed	69
-	Law voted	-
13	Negotiation	633
15	Total	702

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Investments

CAPEX 2009		
(R$ Million)	**2009 Projected**	**Actual Figures**
Water	339	208
Sewage	674	196
Others	32	7
Total	**1,045**	**411**

Planned CAPEX *(R$ Million)*		
	2009	**2010**
Current Concessions	**447**	**365**
Water	154	105
Sewage	261	228
Others	32	32
New Concessions	**598**	**480**
Water	185	151
Sewage	413	329
TOTAL	**1,045**	**845**

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Creation of Regulatory Agency

- March 31, 2009 ⇨ MG State government forwarded a bill to the State House of Representatives (ALMG)

- July 17, 2009 ⇨ The legal processes are concluded by ALMG

- August 03, 2009 ⇨ Law # 18,309/2009 is enacted by the Governor of the State creating the Regulatory Agency of Water and Sanitary Sewage Services of the State of Minas Gerais – ARSAE - MG

- Next Steps:

  - Nominate directors to the Regulatory Agency to be submitted to a State House of Representatives hearings

  - Launching of ARSAE-MG

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2009 Tariff Readjustment

- Previous Data base ⇨ March

- Conditioned to the establishment of the Regulatory Agency of Water and Sanitary Sewage Services due to a judicial decision

- COPASA's expectations ⇨ discussions will start still in August

- Readjustment ⇨ Based on IGP-M (General Market Price Index) and take into account the accumulated inflation between March 2008 and the effective date of the new readjustment)

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2009 Dividends

- 35% of net income distributed as Interest on Equity
- 1Q09 ⇨ Distributed in 03/27/09 - R$ 37.2 million (R$ 0.32/share) paid in 05/27/09;
- 2Q09 ⇨ Distributed in 06/26/09 - R$ 43.6 million (R$ 0.38/share) to be paid in 08/21/09

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FINANCIAL RESULTS

Cash Generation

Gross Revenue (R$ Million)



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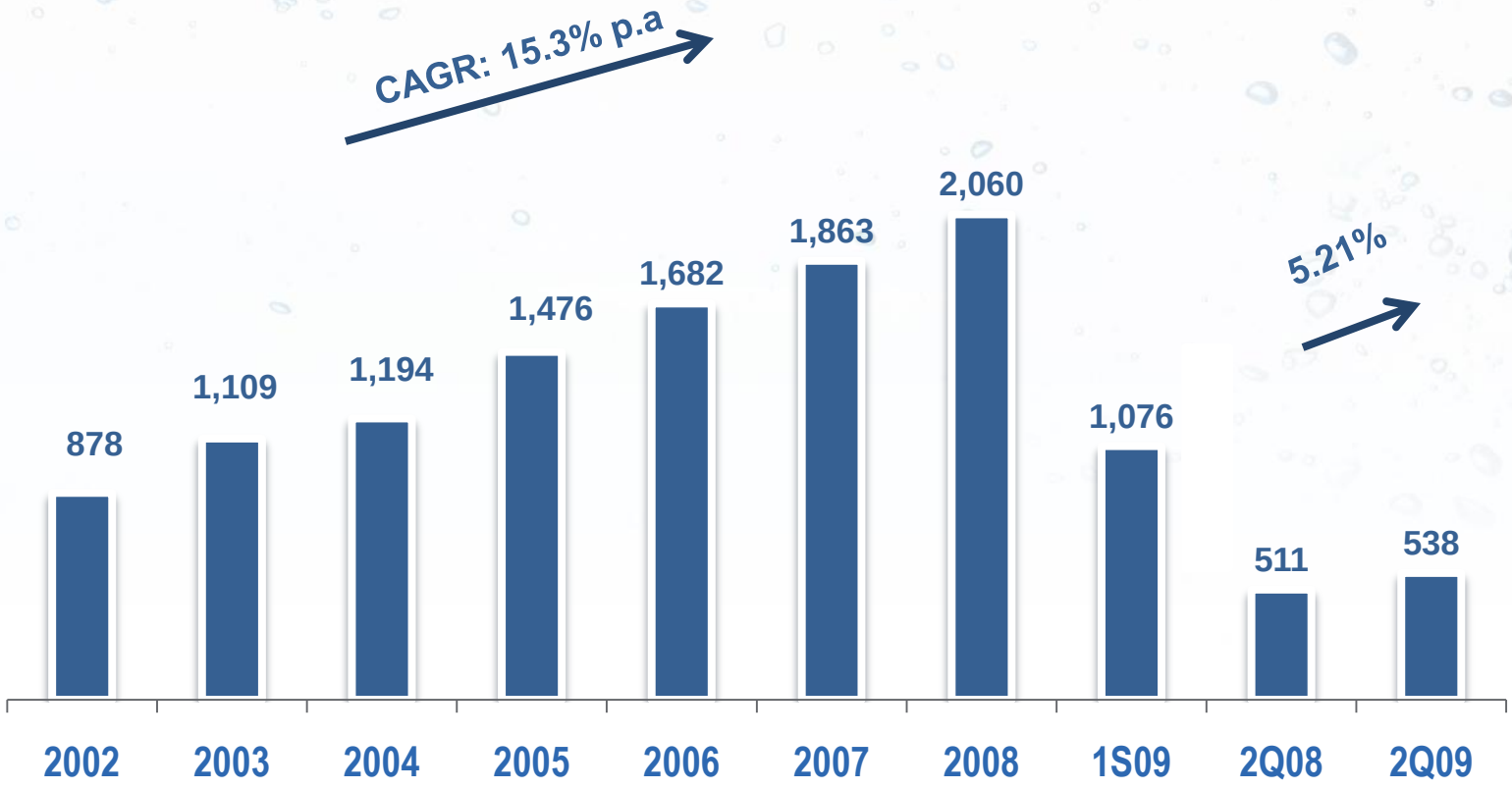
Cash Generation

Net Operating Revenue (R$ Million)



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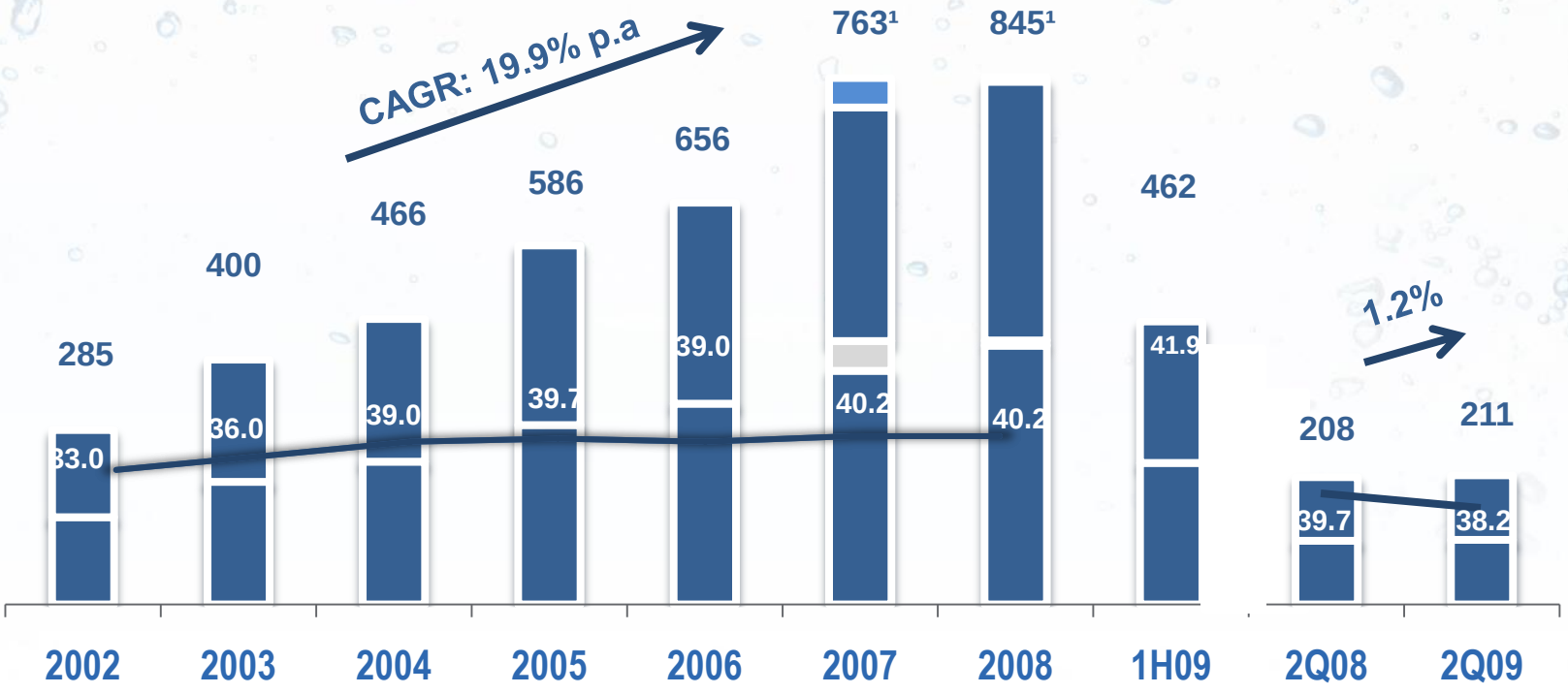
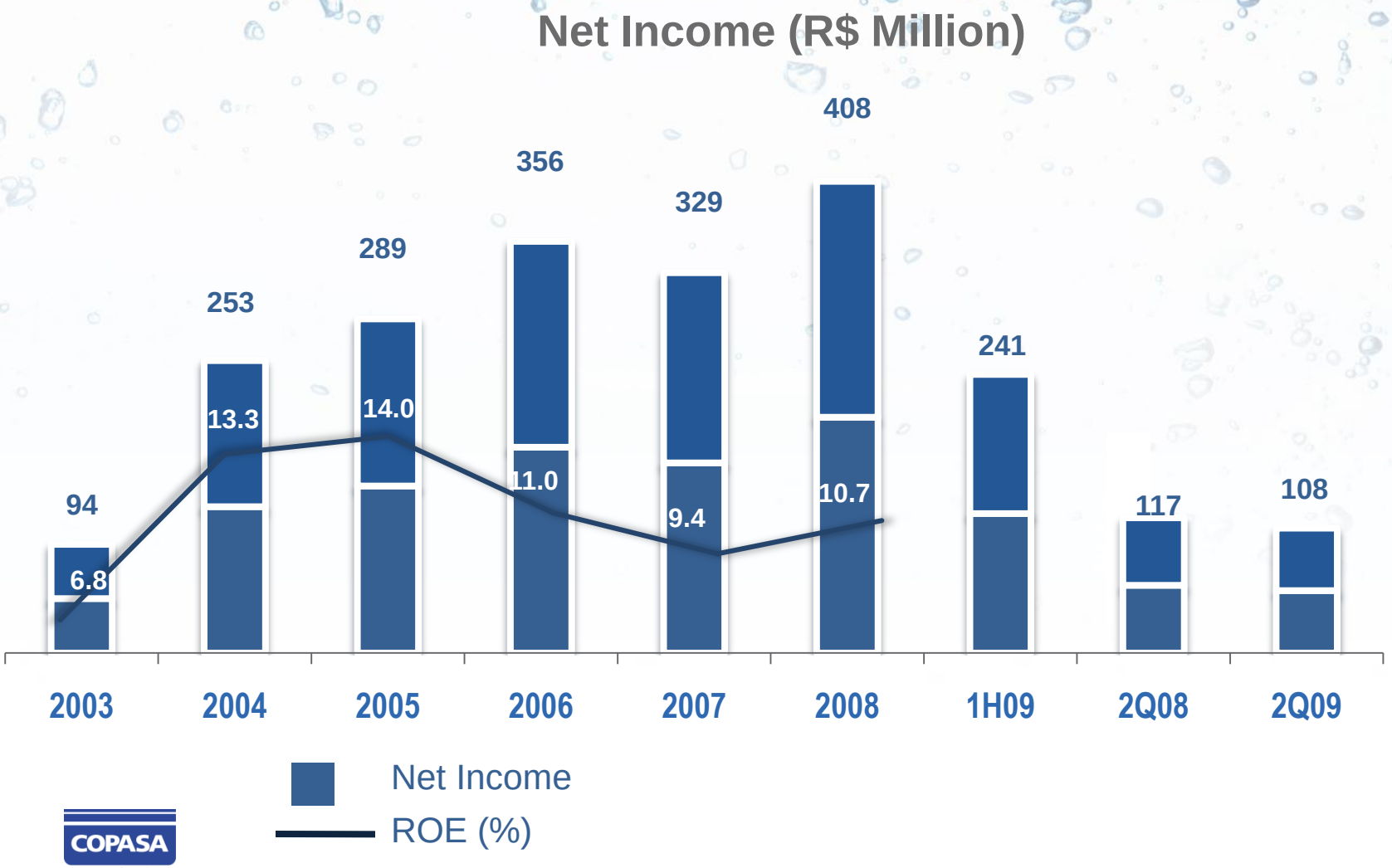
Cash Generation

EBITDA (R$ Million)



1- EBITDA and EBITDA Margin Adjusted by non-recurring expenses.

Profitability



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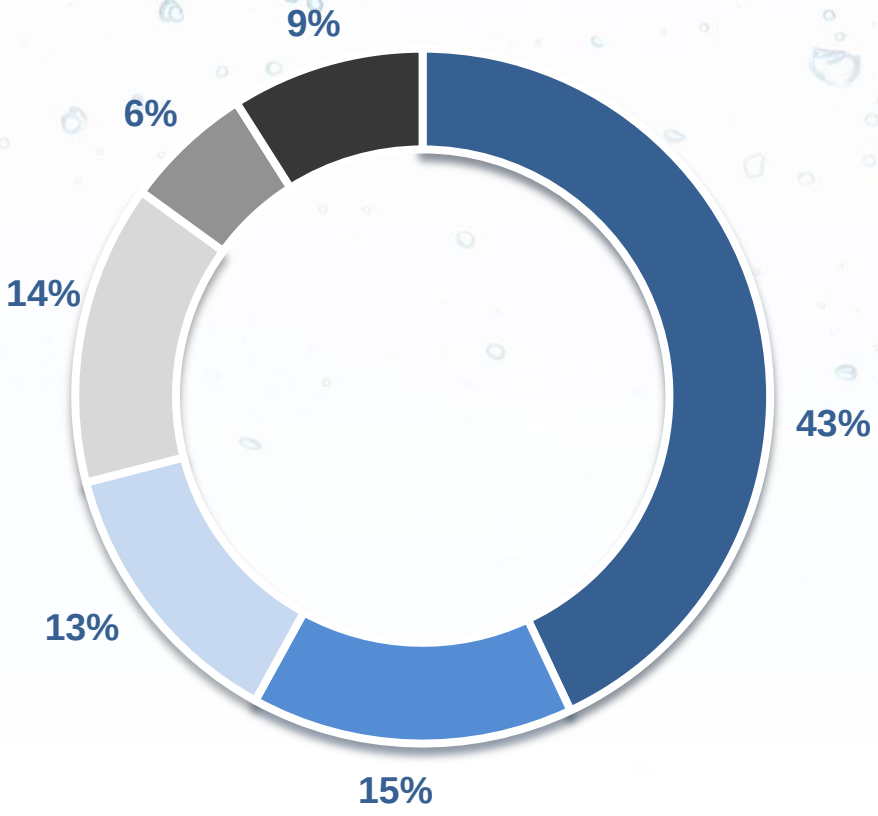
2Q09 Total Costs Breakdown



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

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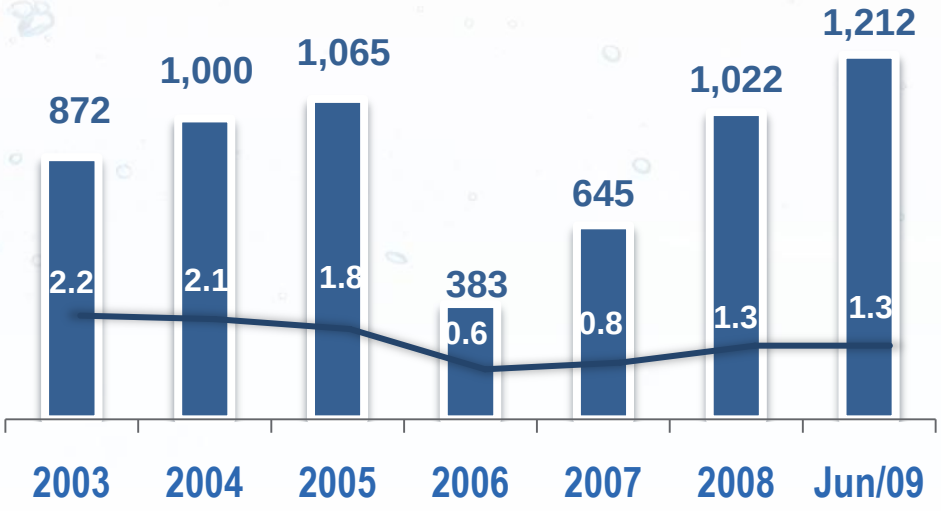
Indebtedness

Net Debt (R$ Million)



Gross Debt (R$ Million)





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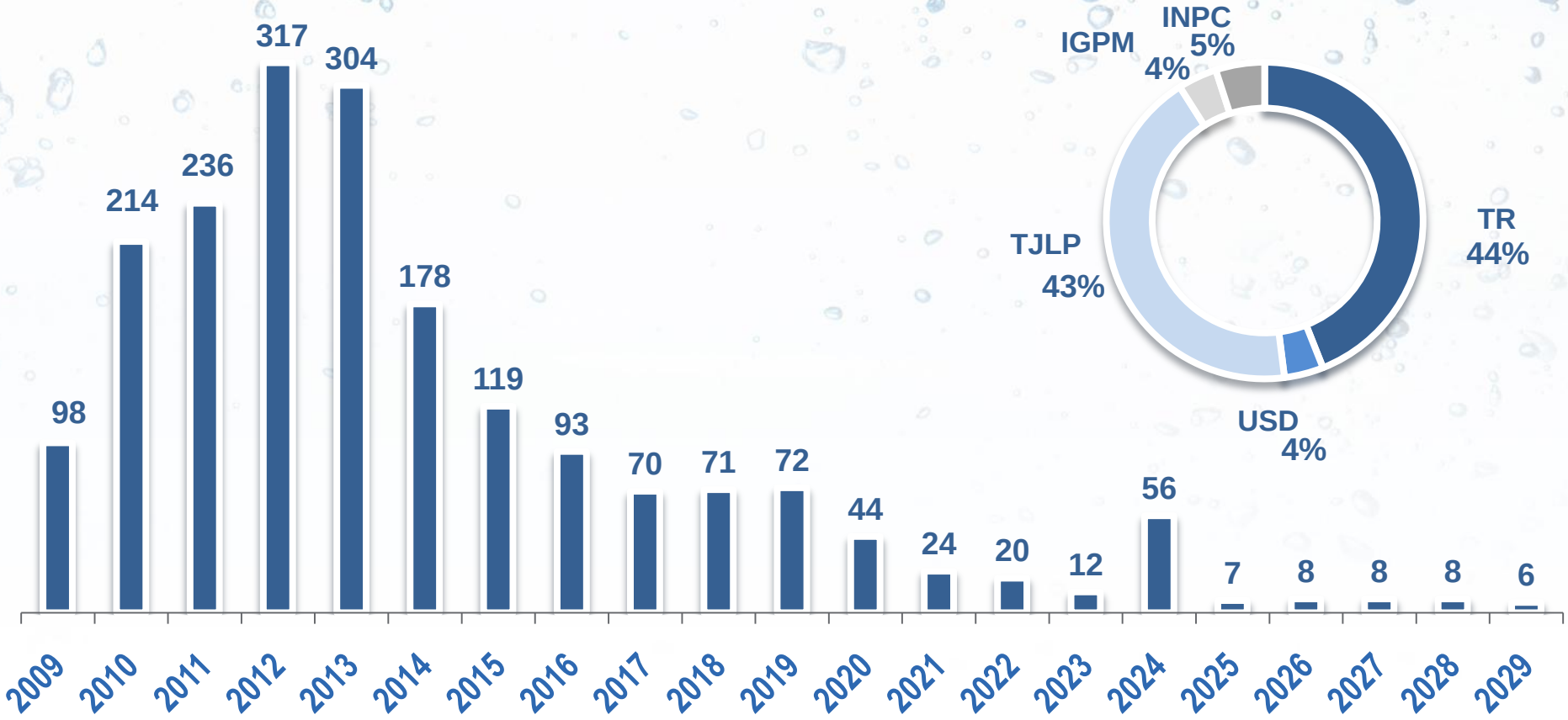
Indebtedness

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



Real Average Cost of Debt: 5.2% p.a.

1- On june 30, 2009, the Company had R$ 905 million of loans contracted from the Government Severance Indemnity Fund (FGTS) and the BNDES, to be disbursed and booked as liabilities according to the progress of the investments. The resources have average grace period remaining of 10 and 36 months, respectively, with amortization terms of 20 and 15 years, respectively and they are not displayed in the graphic.

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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