

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

January 28, 2010

**SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For January 19, 2010

(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP
(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP
(Translation of Registrant's name into English)

**Rua Costa Carvalho, 300
São Paulo, S.P., 05429-900
Federative Republic of Brazil**
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO SABESP

PUBLICLY-HELD COMPANY

Corporate Taxpayer s ID (CNPJ) 43.776.517/0001 -80

MATERIAL FACT

Companhia de Saneamento Básico do Estado de São Paulo SABESP announces that at a meeting held on January 18, 2010, the Board of Executive Officers and the Board of Directors approved the submittal of the republication of the 2008 financial statements to the Shareholders General Meeting, by means of which, a provision for expenses in the amount of R\$409.1 million is recorded in the income for that year, presently related to doubtful receivables. This amount refers to the controversial issue of supplementary pension plan benefits provided for by Law 4819/58, originally under the responsibility of the State of São Paulo, but paid by Sabesp, by force of court s decision.

As a result, the Management also deems necessary to record a provision for the liability related to the actuarial commitment maintained with beneficiaries of Law 4819/58, in the amount of R\$535.4 million.

A provision shall be made due to doubtful receivables.

An unqualified auditors opinion of PricewaterhouseCoopers Auditores Independentes will be issued again, after the adjustments and the net income for the year will decrease from R\$1,008.1 million to R\$63.6 million.

A new proposal for the allocation of net income for the year was also approved, as per chart below, as well as the republication of the Management Report, both referring to 2008:

| | |
|----------------------------------------|--------------------|
| Net income for the year | R\$ 63,571,000.00 |
| (+) Realization of revaluation reserve | R\$ 86,816,329.02 |
| (-) Interest on equity | R\$ 296,187,609.90 |
| (-) Legal reserve 5% | R\$ (3,178,000.00) |

The Financial Statements will be republished in the newspapers Folha de São Paulo and Official Gazette of the State of January 29, 2010.

São Paulo, January 22, 2010

Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer

