

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

June 27, 2006

**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 June 27, 2006

(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

NOTICE TO SHAREHOLDERS

We hereby inform the Company's Shareholders that the payment of Dividends in the form of Interest on Own Capital, referring to the year 2005, will be settled on June 26, 2006. Such payment was approved by the Board of Directors in meetings held on April 28, June 23, October 20 and December 15, 2005.

1. Dividends in the form of Interest on Own Capital Declared in 1st, 2nd, 3rd and 4th quarters of 2005, will be paid at the ratio of R\$1.34131202 (one real three, four, one, three, one, two, zero, two) per thousand shares held on the reference date as of 05/09/2005, R\$2.3455404 (two reais three, four, five, five, four, zero, four) per thousand shares held on the reference date as of 07/06/2005, R\$2.99 (two reais ninety nine centavos) per thousand shares held on the reference date as of 11/03/2005 and R\$5.55 (five reais fifty five centavos) per thousand shares held on the reference date as of 12/28/2005, respectively.

2. Instructions for credit:

2.1. Shareholders will have their credits available to their banking instructions provided to Banco Itaú S/A.

2.2. Shareholders whose Registry Information are not updated Shareholders whose registry information does not include either their Individual/Corporate Taxpayer's Identification Number (CPF/CNPJ) or complete banking instructions (bank, branch and account number) will have their interest credited as of the third business day counted from the processing date made in the electronic files of Banco Itaú S/A.

2.3. Those shareholders whose shares are under fiduciary custody will have their Dividends in the form of Interest on Own Capital credited in accordance with the procedures adopted by Stock Exchanges.

3. Assistance to Shareholders:

Shareholders may be assisted at any Banco Itaú S/A's branch, as well as at any branch allowed to assist shareholders, during bank working hours.

São Paulo, June 12, 2006.
Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer

