



BENITEZ CODAS & ASOCIADOS

Audit, Advisory & Consulting
A correspondent firm of
KPMG International Cooperative ("KPMG
International")

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Management and Shareholders of
Itaipu Binacional

We have audited the financial statements of Itaipu Binacional, which comprise the statement of financial position as of December 31, 2014 and the related statements of income and changes in financial position for the year then ended, expressed in United States Dollars, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards specified in the Treaty of Itaipu of April 26, 1973 (described in note 2) and in its Annexes, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian, Paraguayan and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the adequacy of the accounting practices used and the reasonableness of the accounting estimates made by management, in addition to evaluating the presentation of the financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

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OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITAIPU Binacional as at December 31, 2014, and its financial performance and changes in financial position for the periods then ended in accordance with the special provisions contained in the Treaty of April 26, 1973 (described in note 2) and the chart of accounts and accounting standards approved by the Board of Directors of ITAIPU Binacional. Those accounting standards differ, in certain material respects, from generally accepted accounting principles in Brazil and Paraguay, as described in note 2(i) and (v).

EMPHASIS OF MATTER

As discussed in note 20 (a), Caja Paraguaya de Jubilaciones y Pensiones de Personal da la Itaipu Binacional - CAJUBI, the manager of Itaipu Binacional's employee retirement and pension program in Paraguay, reported an actuarial deficit of US\$ 925,903 thousand as at December 31, 2014, for which a provision has been established for the full amount of the deficit. Our opinion is not modified with respect to this matter.

As described in note 32, Itaipu Binacional reiterates its legal opinion that the recent decision by the Brazilian Audit Court (decision 88/2015) is technically flawed in light of article 71(V) of the Federal Constitution, considering that Itaipu has no "national accounts"; and article XXII of the Itaipu Treaty does not require any unilateral oversight by any internal body, whether in Brazil or in Paraguay. Based on information currently available, even if the effects of decision 88/2015 are stayed, uncertainties remain concerning potential developments. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Our audits were conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph, taken as a whole. The statement of added value, cash flows and operation accounts for the year ended December 31, 2014, contained in tables I, II and III and appendix I, are presented for purposes of additional analysis and are not a required part of the financial statements. These statements have been subjected to the audit procedures described in paragraph four and in our opinion are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Curitiba, March 26, 2015.

Asunción, March 26, 2015.

Original report in Portuguese signed by

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