

CHAIRMAN AND CEO MESSAGE



Gary Gates, left, and Fred Ulrich

Employees recharged the utility in 2012. In this report, we share several snapshots of what was done across the utility. Our resourceful employees give us confidence to move forward in an industry that is in the midst of a dramatic evolution.

During 2012, OPPD senior management took a hard look at OPPD's future. Working with strategic planning experts, we created a new Corporate Strategic Plan. In developing the plan, we reviewed every aspect of what OPPD should and could become. We considered the increased concerns of the various stakeholders of our business. We considered different scenarios, ranging from higher nuclear compliance to political and economic drivers for increased environmental regulations. The senior management team then visited almost every OPPD work location to personally share the plan and the utility's new vision and mission.

Employees told us that they were on board with the plan. In fact, they also showed us in their performance throughout the year. Among the challenges employees faced last year was the continuing effort of restart and recovery of Fort Calhoun Station (FCS). Great progress has been made at FCS. One of the major steps was hiring Exelon Generation Company, LLC to manage the day-to-day operations of the plant. They've worked alongside numerous OPPD employees, focusing on improvement efforts to safely return FCS to a high-performing station.

To improve reliability, OPPD has partnered with Kansas City Power & Light on the Midwest Transmission Project, a proposed 150- to 190-mile high-voltage transmission line that will stretch from Nebraska City to Sibley, Mo. The two utilities are developing and constructing the line as part of a plan developed by the Southwest Power Pool (SPP), a regional transmission organization, to relieve congestion on the electric grid, enhance national security and advance renewable energy. Cost of the \$400 million project, scheduled to be in service by June 2017, will be shared by SPP utility members.

We are heading into the future with our eyes wide open, and we continue to value customer input, including our 12th consecutive ranking for highest among midsize utilities in the Midwest in J.D. Power & Associates 2012 Electric Utility Residential Customer Satisfaction StudySM.

As a publicly owned electric utility, we are always mindful of OPPD's responsibility to our customers, employees and communities. We appreciate the diligent efforts of our employees, our board and our customer-owners as we move forward.

Handwritten signature of Fred J. Ulrich in black ink.

Frederick J. Ulrich
Chairman of the Board

Handwritten signature of W. Gary Gates in black ink.

W. Gary Gates
President and CEO