

CHAIRMAN AND CEO MESSAGE

Walk through an OPPD power station, service center or office these days and you will see a different utility than just two years ago. We aren't talking about the physical buildings. It's the employees' attitudes and the sense of purpose visible on their faces after working through two of the most challenging years in our 67-year history.

We protected our assets from a 500-year flood. We made major time and financial investments to restore Fort Calhoun Station to service. The nuclear plant was offline more than two years due to the flood and subsequent regulatory concerns. We added substations and improved our transmission and distribution systems to serve growing demand. Like other utilities across the nation, we took deep looks into our generation mix to determine how we can best meet future regulatory challenges and customer preferences. Our efforts are paying off.

In 2013, we received a 99.98 percent reliability rating for delivering energy, as measured by the Average Service Availability Index.

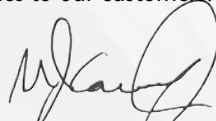
Additional wind energy purchase agreements last year will position OPPD to provide 30 percent of its electricity to retail customers from renewable energy by 2017.

We also received our 13th consecutive top-in-class ranking in the Annual Residential Customer Satisfaction survey conducted by J.D. Power and Associates.

Focused on our customers, last year we began implementing a 10-year corporate strategic plan. Senior management developed the framework after taking a long, hard look at the changing industry and business climate. We are happy to report that employees have made major progress. Among the highlights: we created a new comprehensive corporate governance policy, implemented an accountable management system throughout the organization and developed an external stakeholder process.

This report shows that OPPD remains in a strong financial position. Operating revenues in 2013 were \$1.09 billion, with operations and maintenance expenses of \$796 million. We maintain high bond ratings with our AA from Standard & Poor's and Aa2 from Moody's, which places OPPD among the top 15 percent of public power utilities rated by Moody's.

All of these efforts are important to our customer-owners, and they align with OPPD's mission: to provide affordable, reliable and environmentally sensitive energy services to our customers. We will continue our pursuit.



Michael Cavanaugh
Chairman of the Board



W. Gary Gates
President and CEO



Michael Cavanaugh, left, and Gary Gates