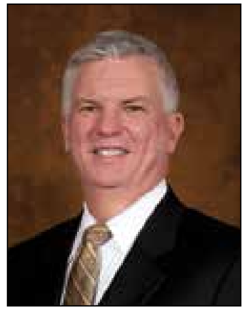
CEO Message



The first half of 2014 has been historic for Omaha Public Power District regarding two issues.

After several months of analysis and customer input, OPPD announced a bold future generation portfolio in June. The plan includes retiring and retrofitting coal units, refueling from coal to natural gas, and reducing load.

While that impacts *how* we generate electricity, a second monumental change impacts *where* our generation goes. In March, OPPD entered into the Southwest Power Pool (SPP) Integrated Marketplace. For more than 100 years, utilities have bought and sold wholesale power on a bilateral basis, but the Integrated Marketplace offers better use of generation and transmission on a broader regional basis.

We made these changes after we had reviewed the strategic plan, performed extensive research and analysis, and sought customer feedback during a several-month-long stakeholder process. We are confident it positions OPPD in the strongest and most flexible position for the future.

The generation plan allows the utility to comply with government regulations to reduce future emissions at its existing power plants while preserving the district's ability to meet customer demand for electricity in the future.

Our plan includes retiring three coal-fired units at North Omaha Station in 2016. Consequently, OPPD will need fewer workers at the plant. Management and the board of directors are committed to minimizing the impact to the workers through reassignments, retraining and retirements over the next two years.

Also in 2016, the utility will retrofit three other coal-fired units with basic emissions controls. OPPD will refuel two of these units to natural gas by 2023.

The plan also calls for reducing load by 300 megawatts (MW) through customer participation in demand-side management. One such program that started in 2011, OPPD's Air-Conditioning Management Program, has attracted 25,000 residential customers for a 37-MW demand reduction as of June 30, 2014.

Ever mindful of our customers' best interests, OPPD always tries to sell our excess energy to offset costs and keep rates down. The Integrated Marketplace provides the potential to participate in a broader market.

When the Integrated Marketplace opened March 1, responsibilities shifted from dispatching our own generators to primarily meet the needs of southeast Nebraskans to meeting the needs of customers in several states. And the other 75 members of SPP did the same. Now, if OPPD generates electricity on a competitive basis, it goes to utilities in Kansas, Arkansas or Missouri. And if other generators in SPP generate electricity for less than OPPD, the district buys it from them through the Integrated Marketplace.

When asked what future approach OPPD should take, customers favored one in line with the corporate mission – power must remain affordable, reliable and should be environmentally sensitive, prioritized in that order. Our work each day follows this mission.

W. Gary Gates

W. Gary Gates
President and CEO

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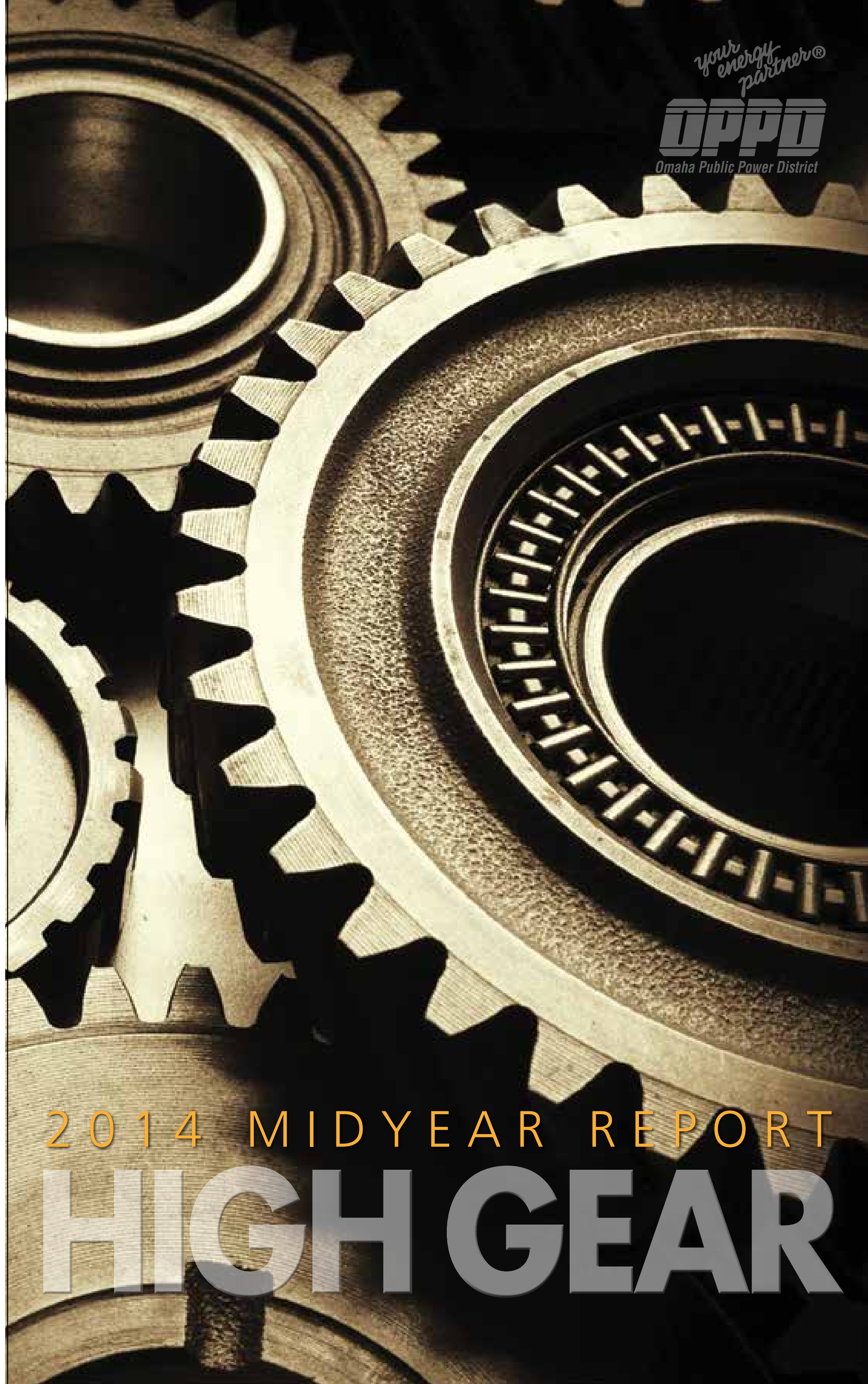

Who We Are

OPPD is a fully integrated electric utility serving a 5,000-square-mile, 13-county region in eastern Nebraska. All corporate powers of OPPD are vested in a board of directors consisting of eight members representing areas of the service territory.

OPPD generates revenues from a mix of retail sales, off-system sales and other electric products and services. Corporate headquarters is in Omaha, Neb., with generating plants, service centers and customer service locations strategically located throughout our service territory.

Our mission is to provide affordable, reliable and environmentally sensitive energy services to our customers.

CFO Message

Operating revenues were higher in the first six months of 2014 (2014 period) compared to the first six months of 2013 (2013 period). Retail sales revenues were lower, primarily due to decreased revenue from the fuel and purchased power adjustment. Off-system sales were significantly higher in the 2014 period compared to the 2013 period due to additional energy available for sale from Fort Calhoun Station (FCS), which returned to service in December 2013.

Operating expenses increased in the 2014 period compared to the 2013 period. Fuel expenses were higher, primarily due to the availability of FCS generation. Production (non-fuel) expenses were higher in the 2014 period compared to the 2013 period due to planned maintenance outages at the fossil stations. Other operating expenses were higher in the 2014 period compared to the 2013 period, primarily as a result of increased transmission and distribution expenses, and decommissioning expenses. Transmission and distribution expenses were higher due to additional operating expenses and higher costs from the Southwest Power Pool. Decommissioning expense was higher as a result of resuming contributions to the FCS decommissioning funds in 2014.

Other income was higher in the 2014 period compared to the 2013 period due to an increase in investment income.

Net income increased in the 2014 period compared to the 2013 period, primarily due to the increase in off-system sales revenue, which was partially offset by the increase in operating expenses.

Cash and cash equivalents decreased in the 2014 period compared to an increase in the 2013 period. Cash flows from operating activities were higher as a result of increased cash received from off-system sales and lower payments to operations and maintenance suppliers. Cash used for capital and financing activities was lower, primarily due to decreased expenditures for the construction and acquisition of capital assets. Cash provided from investing activities was lower in the 2014 period compared to the 2013 period, primarily due to less funds needed from investing activities in 2014, as the district's operating activities provided additional funds for operations in the current year.

Edward E. Easterlin
Vice President and CFO

Condensed Statements of Net Position

In thousands - 2014 unaudited

	June 30 2014	December 31 2013
Current Assets	**$ 678,831**	$ 700,882
Capital Assets	**3,352,159**	3,359,141
Other Long-Term Assets	**774,020**	757,626
Deferred Outflows of Resources	**27,322**	29,310
Total Assets and Deferred Outflows	**$ 4,832,332**	$ 4,846,959
Current Liabilities	**$ 236,252**	$ 222,405
Long-Term Liabilities	**2,682,689**	2,717,966
Deferred Inflows of Resources	**37,000**	37,000
Total Liabilities and Deferred Inflows	**2,955,941**	2,977,371
Net Position	**1,876,391**	1,869,588
Total Liabilities, Deferred Inflows and Net Position	**$ 4,832,332**	$ 4,846,959

Condensed Statements of Cash Flows

In thousands - unaudited

	Six Months Ended June 30	
	2014	2013
Cash Flows from Operating Activities	**$ 126,098**	$ 35,861
Cash Flows from Capital and Financing Activities	**(153,344)**	(162,237)
Cash Flows from Investing Activities	**6,872**	134,462
Change in Cash and Cash Equivalents	**$ (20,374)**	$ 8,086

Condensed Statements of Revenues, Expenses and Changes in Net Position

In thousands - unaudited

	Six Months Ended June 30	
	2014	2013
Retail Sales	**$ 415,101**	$ 424,678
Off-System Sales	**106,036**	53,406
Other Electric Revenues	**15,445**	15,203
Total Operating Revenues	**536,582**	493,287
Fuel and Purchased Power	**145,448**	140,355
Production (non-fuel)	**143,545**	137,441
Other Operating Expenses	**188,934**	185,290
Payments in Lieu of Taxes	**14,486**	14,096
Total Operating Expenses	**492,413**	477,182
Operating Income	**44,169**	16,105
Other Income	**10,748**	8,491
Interest Expense	**(48,114)**	(48,913)
Net Income (Loss)	**6,803**	(24,317)
Net Position, Beginning of Period	**1,869,588**	1,814,312
Net Position, End of Period	**$ 1,876,391**	$ 1,789,995

Key Statistical Highlights

	June 30	
	2014	2013
Generating Capability *(in megawatts)*	**3,232.1**	3,237.0
System Peak Load *(twelve months ended, in megawatts)*	**2,339.4**	2,451.6
Net Generation *(six months ended, in megawatt-hours)*	**7,818,097**	5,861,104
Retail Energy Sales *(six months ended, in megawatt-hours)*	**5,245,565**	5,101,173
Off-System Energy Sales *(six months ended, in megawatt-hours)*	**3,425,548**	1,579,173
Cents/kWh – Retail Sales Revenue *(six months ended)*	**8.11**	8.13
Number of Customers *(six months ended, average)*	**359,693**	355,505