

Charter of the People and Performance Committee of the Board of Directors Tennessee Valley Authority

I. Purpose

The People and Performance Committee (“Committee”) is a standing committee of the Board and is charged with the responsibility of assisting the Board in fulfilling its responsibilities under the TVA Act, including responsibilities related to the operational and safety performance of TVA, compensation and human resources issues, and talent and culture management. Provisions of the TVA Act that provide the Committee guidance pertaining to its areas of responsibility are listed in Section IV below.

Specifically, the Committee shall advise the Board with respect to policies and strategies in the following areas:

1. Operational performance of TVA, including the electric power supply, transmission, fuel acquisition and management, bulk power trading, dam and reservoir system management, and land and natural resource management;
2. CEO succession planning;
3. Goals, compensation and performance review for the CEO and TVA’s leadership team; and
4. General compensation, incentive, and benefit programs for TVA.

II. Authority and Resources

In accordance with guidelines and cost parameters established by the Board, the Committee may engage outside advisors to assist it in the conduct of its responsibilities, and TVA shall bear the expense of such advisors.

Nothing contained in this charter is intended to expand the applicable standards of liability under statutory or regulatory requirements for the Board or its directors.

III. Membership

The members of the Committee shall be appointed by the Chairman of the Board with the approval of the Board in accordance with the *Bylaws of the Tennessee Valley Authority*. The Chairman of the Committee shall be appointed by the Chairman of the Board and shall serve a term that runs concurrently with the term of the appointing Chairman of the Board. If the Chairman of the Committee is absent, that position’s role shall be filled by another member of the Committee selected by the Committee’s membership in attendance.

The Committee shall be composed of not more than four directors of the Corporation.

IV. Meeting Requirements

The Committee shall meet at least four times per year and may meet more frequently. Any such meeting may be held by telephone or by any other means that allows members of the Committee to communicate simultaneously. The Committee shall meet at least once annually without management present. Officers and other management officials of TVA may attend meetings of the Committee upon invitation. A quorum of the Committee is defined as a majority of its members.

The Committee Chairman will approve the agenda, with input from management and other directors on the Committee as deemed appropriate by the Chairman.

The Committee shall maintain minutes of its meetings and records related to those meetings. The Corporate Secretary shall appoint a Secretary of the Committee. The minutes of the Committee meetings shall accurately reflect the actions taken by the Committee, including all recommendations made by the Committee to the Board, and shall be distributed to all Committee members, to the Chairman of the Board with copies to the Chief Executive Officer, and to TVA's external auditors.

V. Responsibilities of the People and Performance Committee

In addition to the responsibilities described below, the Committee will undertake such other duties as the Board delegates to it, and will report periodically to the Board regarding the Committee's examinations and recommendations.

A. Performance to Plan

1. Oversee accountability for established performance targets including operational performance of the electric power supply, transmission, and deliver systems; fuel acquisition and management; bulk power trading; and dam and reservoir system management; and review reports of performance in comparison to budgeted amounts;
2. Review health and safety policies and strategies to ensure they are: (i) reasonable and appropriate and (ii) in compliance with applicable laws and regulations; and
3. Review monitoring reports provided by staff on the status of Board approved policies.

B. Talent, Culture Management and Compensation

1. Ensure CEO succession planning adequate to provide for an orderly transition under normal transition and unforeseen events;
2. Recommend specific and qualitative performance goals for the CEO and TVA's leadership team and review overall cultural performance metrics;
3. Review compensation for, and the annual performance of, the CEO and his or her managerial direct reports;
4. Review and from time to time make recommendations to the full Board regarding: (i) TVA's executive and TVA-wide performance incentive plans and the goals and measures for those plans (ii) compliance in promoting veterans' rights and diversity, and (iii) labor relations strategy;
5. Review the compensation plan for TVA that has been established under Section 2(g)(1)(F) of the TVA Act and make recommendations to the full Board for revisions;
6. Periodically review the compensation and benefits programs for all TVA employees, including retirement benefits, annual opportunities under incentive plans, and other elements of compensation;

7. Review and recommend payouts, or adjustments in payouts, under TVA performance incentive plans as appropriate;
8. Review and discuss with management the compensation discussion and analysis (“CD&A”) to be included in TVA’s Annual Report on Form 10-K (“10-K”) and recommend to the full Board whether the CD&A should be included in the 10-K (This recommendation may be made by e-mail);
9. Make such recommendations, on matters within the scope of the Committee’s responsibilities, to the Board as considered necessary or appropriate; and
10. Conduct annually a self-assessment of the Committee with the goal of continuing improvement.

VI. Responsibilities Related to the TVA Act

The Committee is charged with the responsibility of assisting the Board in fulfilling its responsibilities under the TVA Act, including primary responsibility regarding the following provisions of the TVA Act:

- Section 2(g)(1)(A)- broad goals, objectives and policies;
- Section 2(g)(1)(B)- long-range plans to guide the Corporation in achieving the goals, objectives, and policies of the Corporation and assistance to the Chief Executive Officer to achieve those goals, objectives and policies;
- Section 2(g)(1)(G)- establishing a compensation plan for all TVA employees;
- Sections 2(i)(1),(2), and (3)- requirements for the compensation plan;
- Section 2(h)- appointment of a Chief Executive Officer;
- Sections 2(g)(1)(G) and 2(i)(1)- approving all compensation of the Chief Executive Officer and the Chief Executive Officers’ managerial and technical personnel direct reports; and
- Section 2(i)(5)- approving the salaries of employees whose annual salaries would be in excess of level IV of the Executive Schedule.

Approved by the Board on August 20, 2010

Revised on November 4, 2010, to remove references to nuclear oversight and safety, upon creation of Nuclear Oversight Committee.