



Form 10-K Briefing

Fiscal Year 2010

Our VISION



ONE OF THE NATION'S LEADING PROVIDERS OF LOW-COST
AND CLEANER ENERGY BY 2020



Low Rates



Cleaner Air



High Reliability



More Nuclear Generation



Responsibility



Greater Energy Efficiency



FY 10 Performance



Key External Factors Impacting FY10

Weather

Wet Fall

Cool Winter

Hottest Summer



Economy

Unemployment remains high

Industrial sales recovering



Market

S&P up 10.2%

Interest rates at historical lows



Commodity Prices

Natural Gas and Purchased Power at low levels

Coal stable

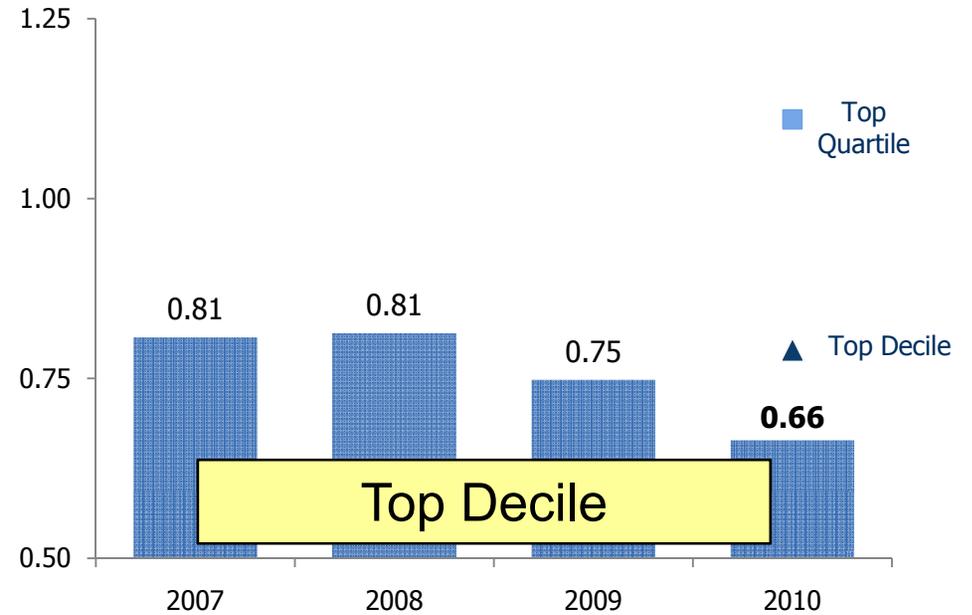




Better Reliability



Average Interruptions/Connection Point



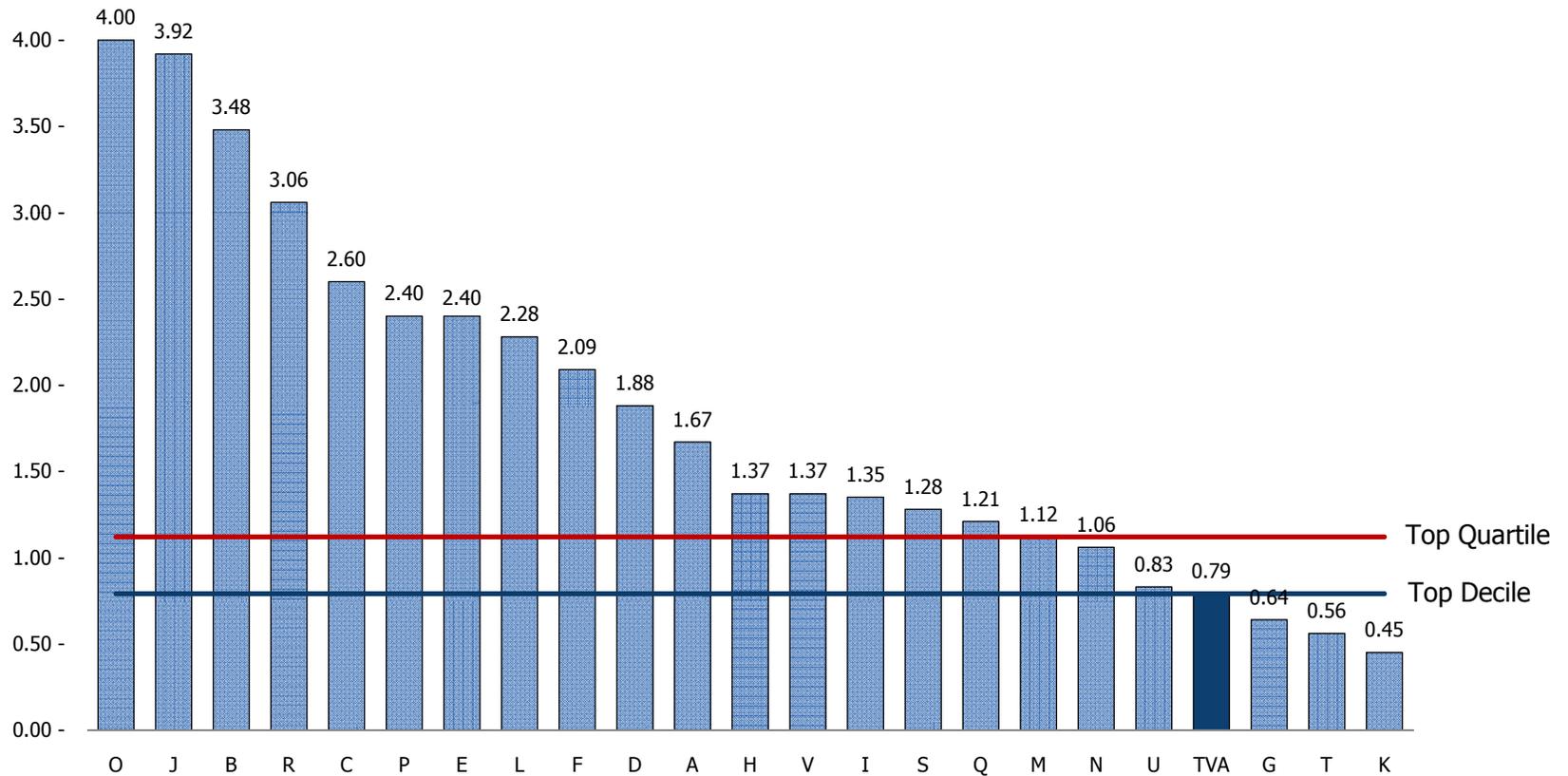
Eleven Straight Years of 99.999% reliability

– Average duration of interruption dropped 29%



Connection Point Interruptions – Peers

Connection Point Interruptions Benchmark (2007-2009)





Safety Performance Continues to Improve

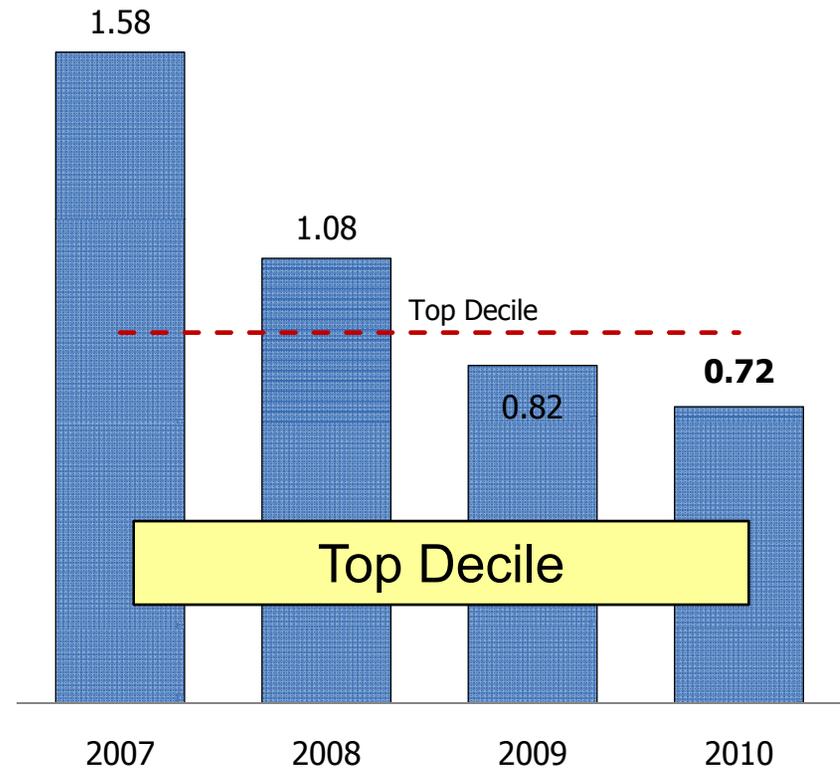


Focus on safe behaviors

Reinforced by performance incentives

172 fewer injuries than 2007

TVA Recordable Injury Rate



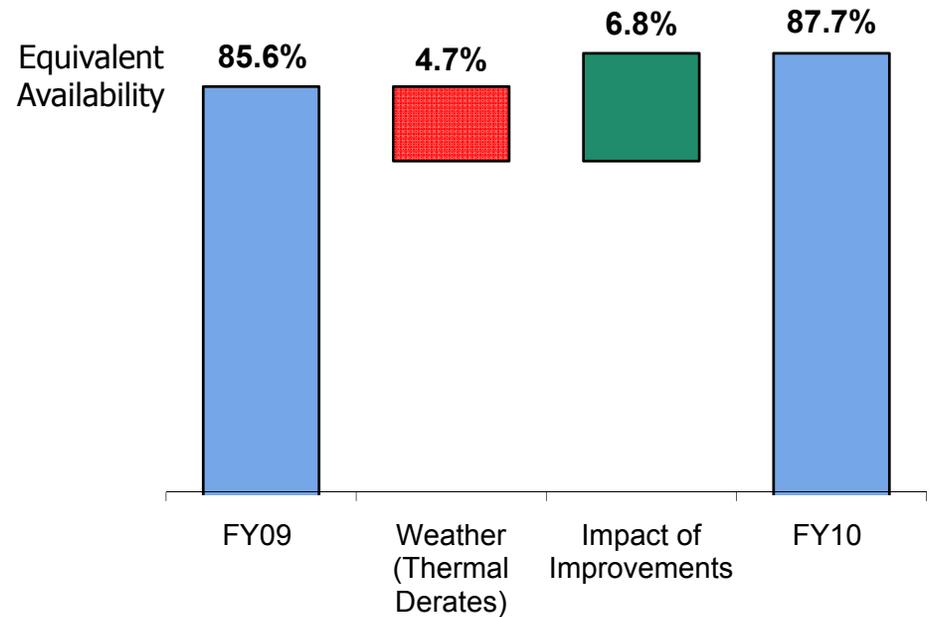


Browns Ferry Performance



Unit 1 completed a 586-day run

Strong Nuclear Performance More than Offset Weather Impacts



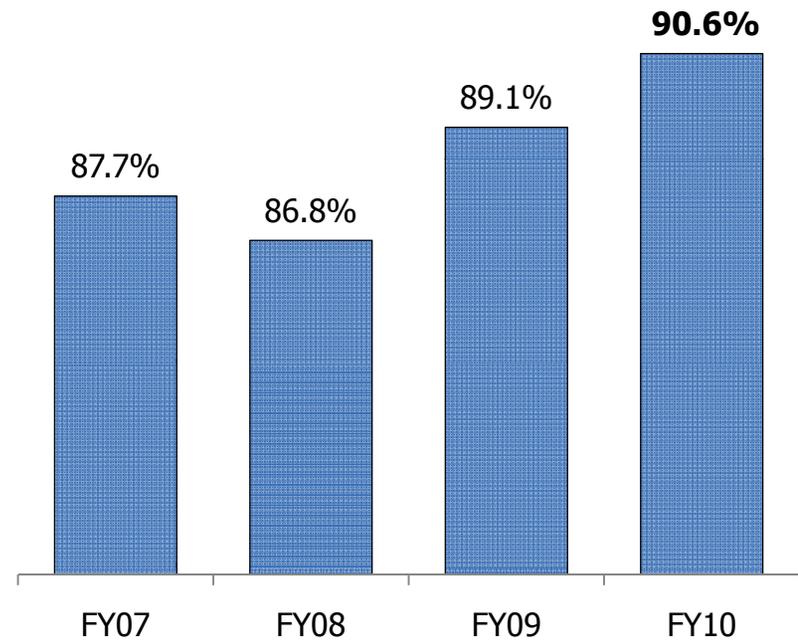


Strong Nuclear Fleet Availability



Efficiency programs reduced planned outages by 13 days

Equivalent Availability Factor (%)

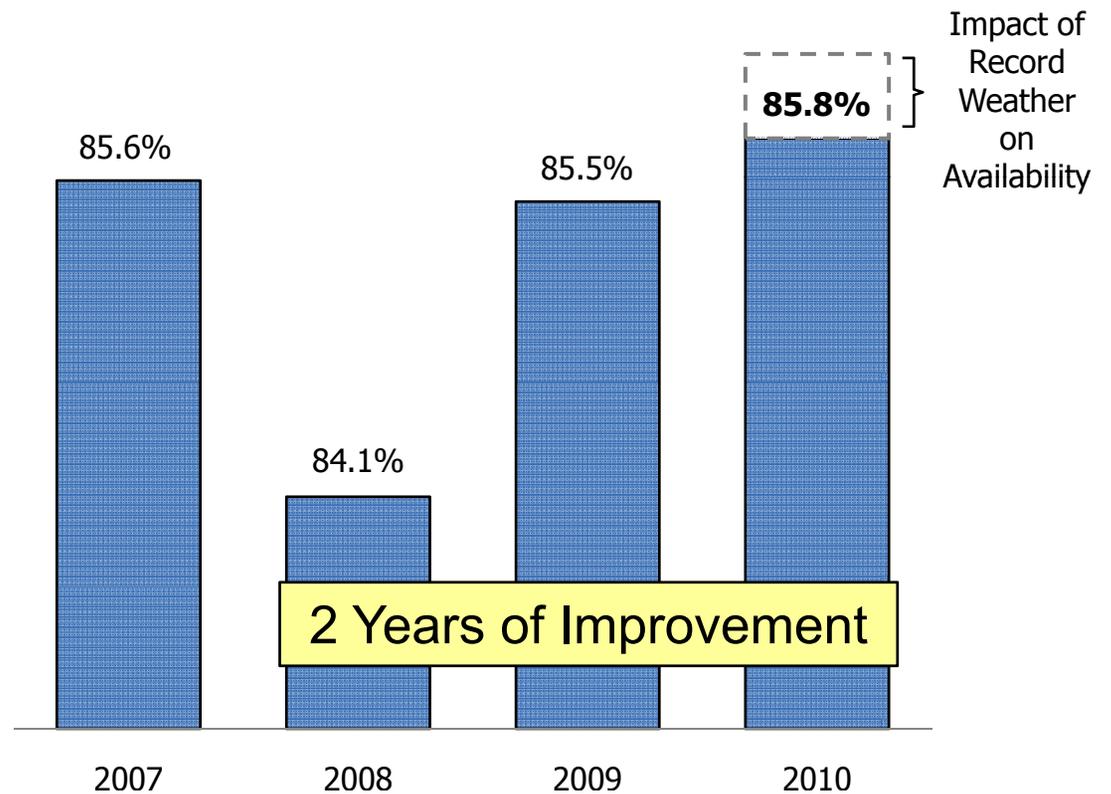




Improving TVA Fleet Availability



TVA Fleet Equivalent Availability Factor





Corporate Commitments

Kingston



- Time-critical ash removed
- Honoring our commitment

Economic Development



- 40,999 Jobs
- \$4.3 Billion Investment

Capacity Expansion



- Lagoon Creek CC – 550 MW
- Watts Bar – on schedule & budget

Reputation



- Corporate Reputation improving
- Cultural Health progressing
- AAA credit rating confirmed



Operational Performance Summary

- Strong Nuclear Performance
- 99.999% Transmission Reliability (11th year)
- Top Decile Safety
- 2 years Improved Plant Availability
- Improved Corporate Responsibility
 - Reputation Improving
 - Cultural Health Initiative progressing
 - Continued economic investment



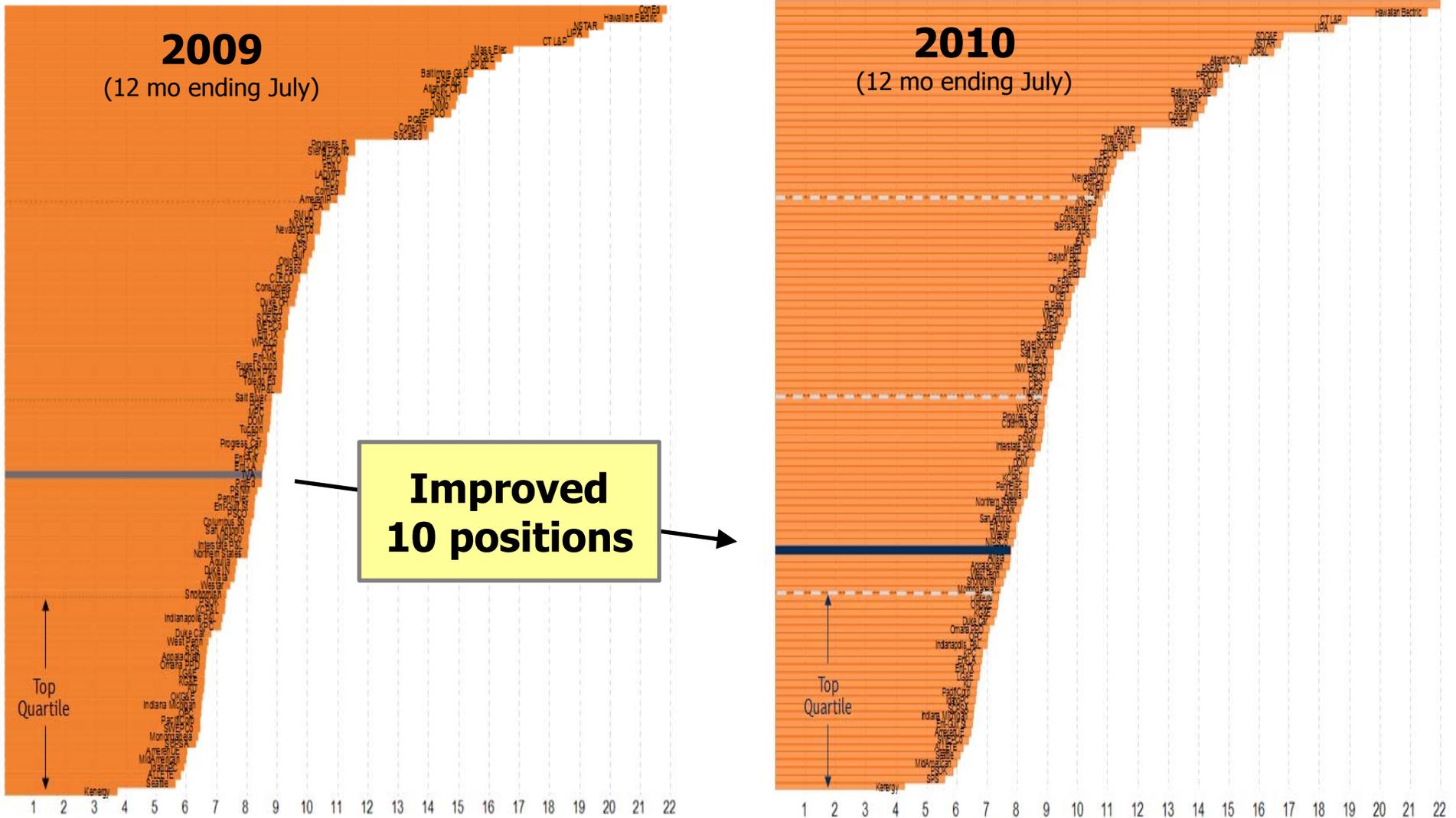
FY 10 Financial Results

Sales and Revenue

	2010	2009	% Change
Power Sales (millions of kWh)	173,662	163,804	6.0%
Total Revenue (\$ millions)	\$ 10,874	\$ 11,255	-3.4%
Power Sales Revenue (\$ millions)	\$ 10,713	\$ 11,142	-3.9%
Average Wholesale Rate (cents / kWh)	6.17	6.80	-9.3%



Low Rates—vs. Top 100 Utilities

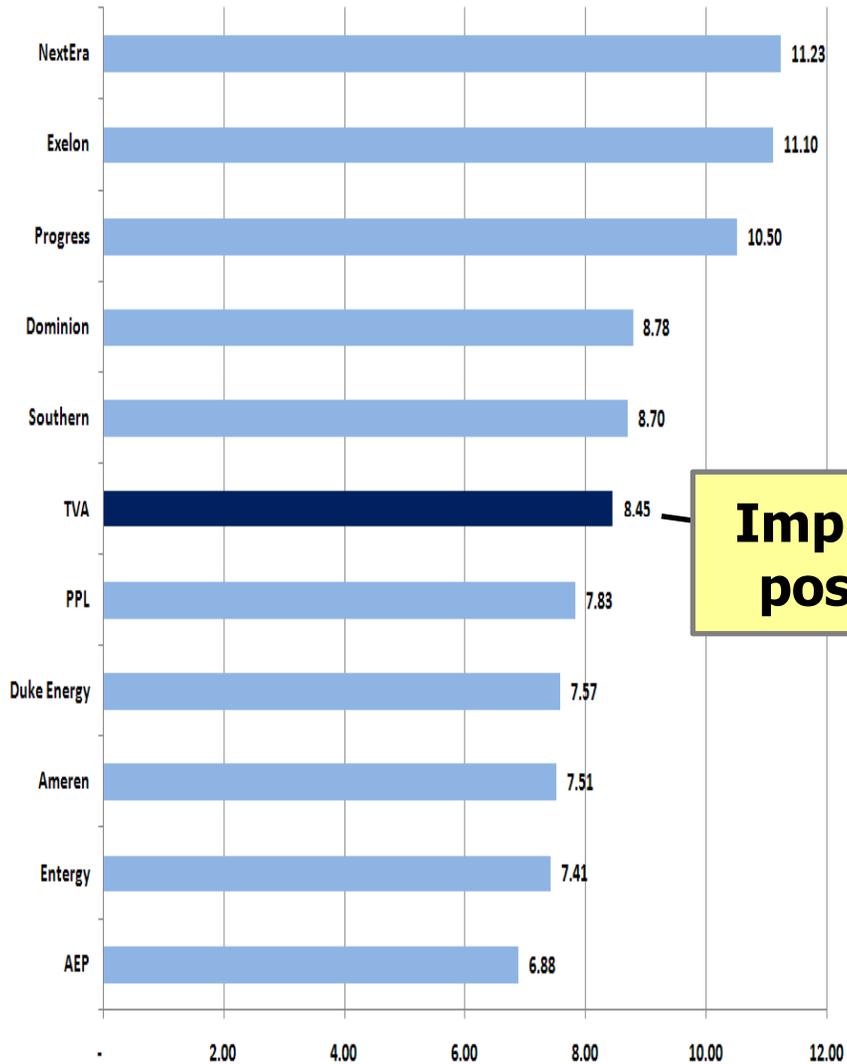


#41 in 2009 v. #31 in 2010



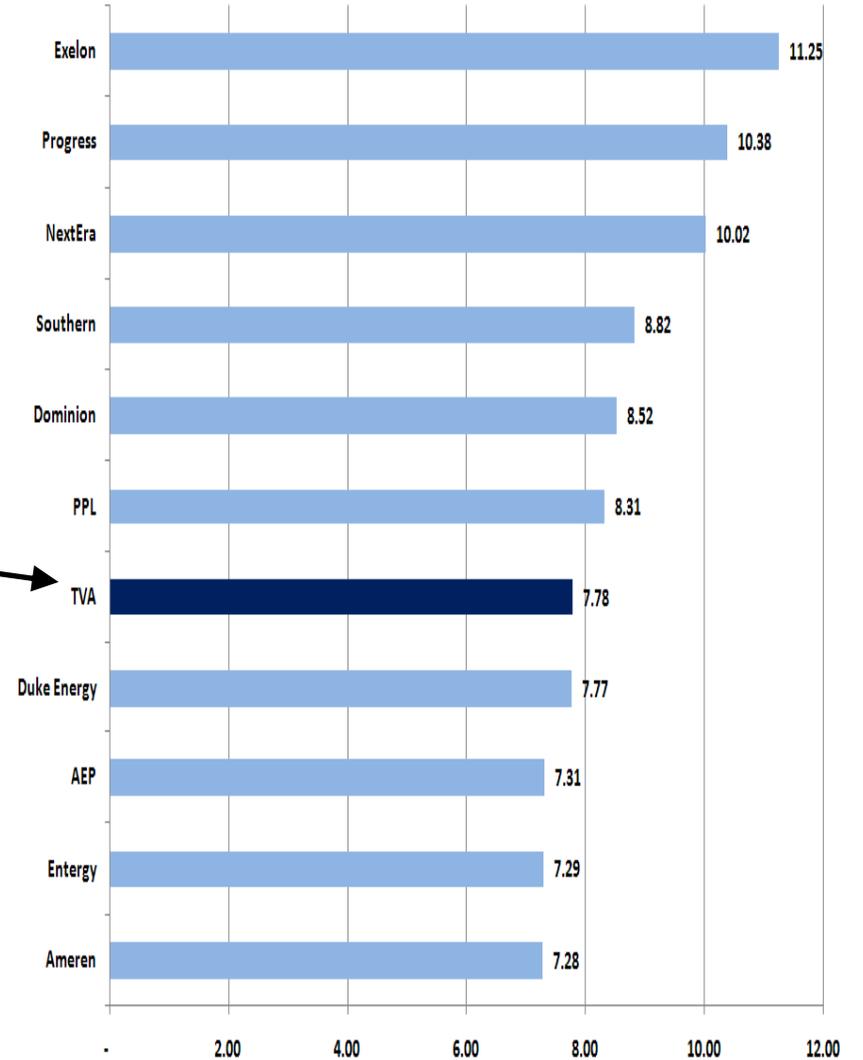
Rates vs. Regional Peers

2009



Improved position

2010 (July)





Asset Investment

(\$ millions)	2010	2009	% Change
Net Income for Reinvestment	\$ 972	\$ 726	33.9%
Operating Cash Flow	\$ 1,901	\$ 2,163	-12.1%
Capital Expenditures	\$ 2,015	\$ 1,793	12.4%



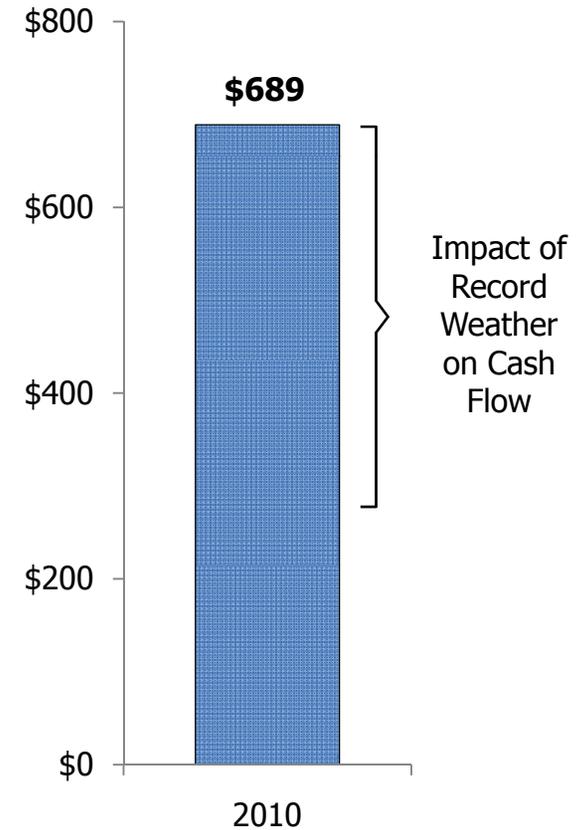
Net Cash Flow Performance

Operational efficiencies captured cost savings

Allowed TVA to:

- Reduce debt projections by \$200 M
- Increased cash by \$100 M
- 2011 rate avoidance \$400 M

Net Cash Flow Savings
(\$ millions)





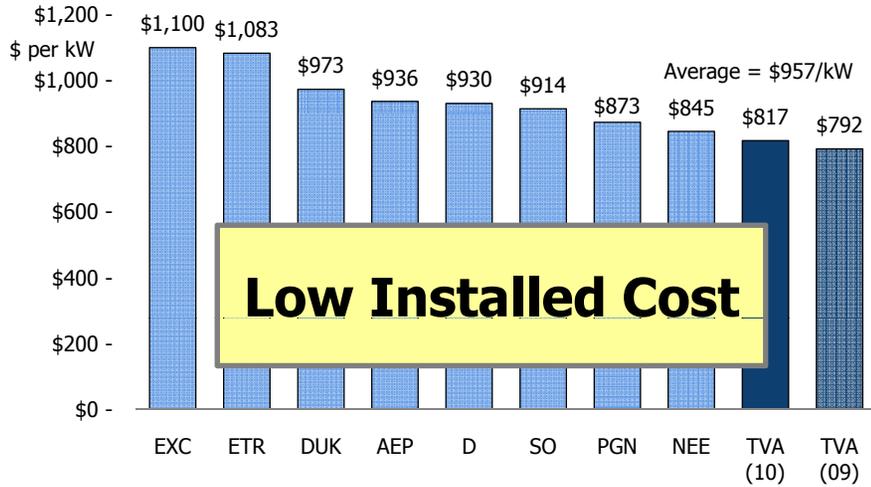
Financial Health

	2010	2009	% Change
System Capacity (MW)	34,068	33,716	1.0%
Total Assets (\$ millions)	\$ 42,753	\$ 40,017	6.8%
Total Debt (\$ millions)	\$ 23,424	\$ 22,640	3.5%
Total Debt, net of FCA Account (\$ millions)	\$ 23,348	\$ 23,462	-0.5%

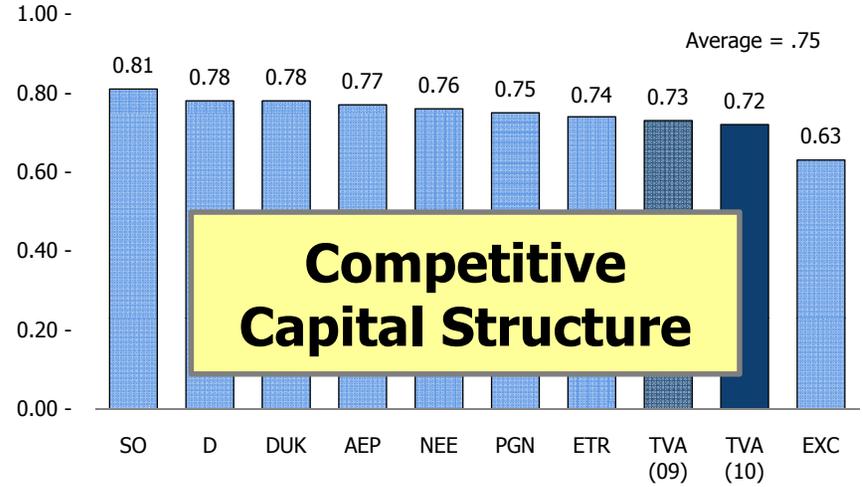


Financial Health and Customer Value

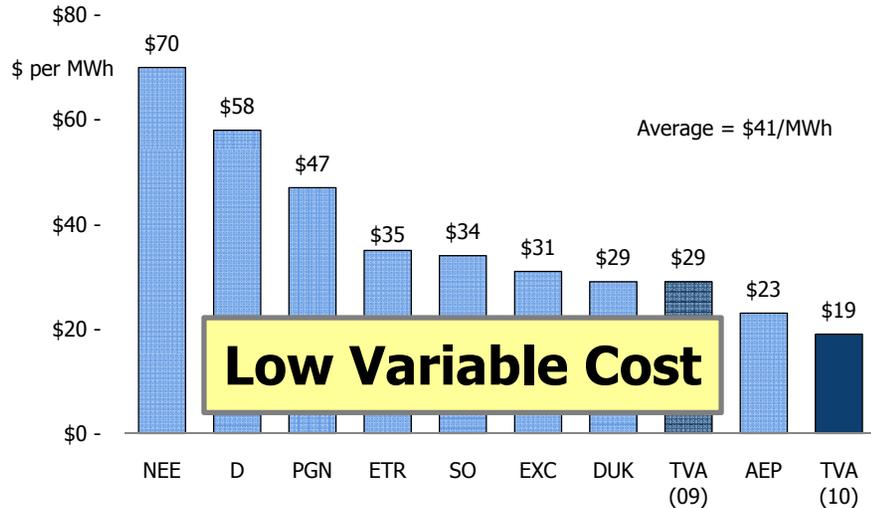
Net Book Value per Installed Capacity



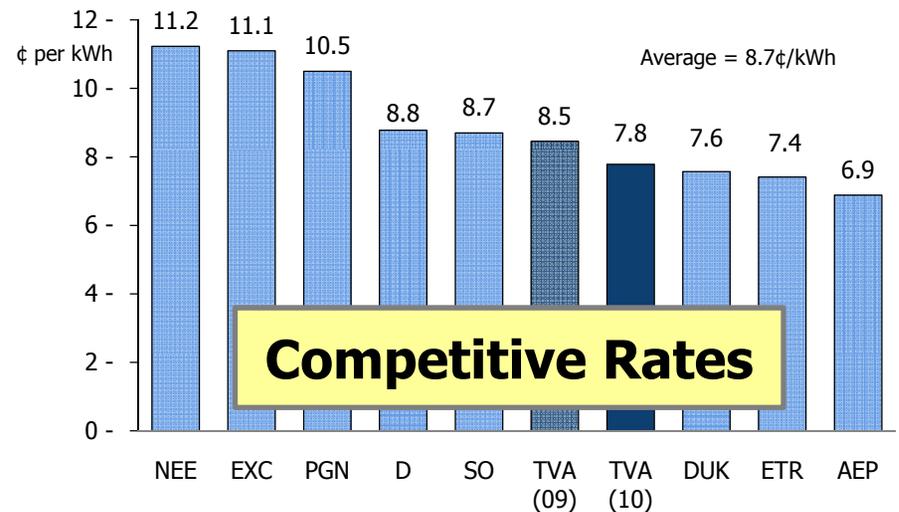
Total Capitalization to Total Assets



Fuel and Purchased Power Cost



Rates





Performance-Driven Compensation

TVA Workforce Compensation

TVA's Compensation Philosophy is:

Market-based:

- 50th percentile of TVA's peer group pay based on surveys and benchmarking
- Some highly specialized positions may pay closer to the 75th percentile
- Current total compensation for TVA's CEO falls below the 25th percentile

Performance-driven:

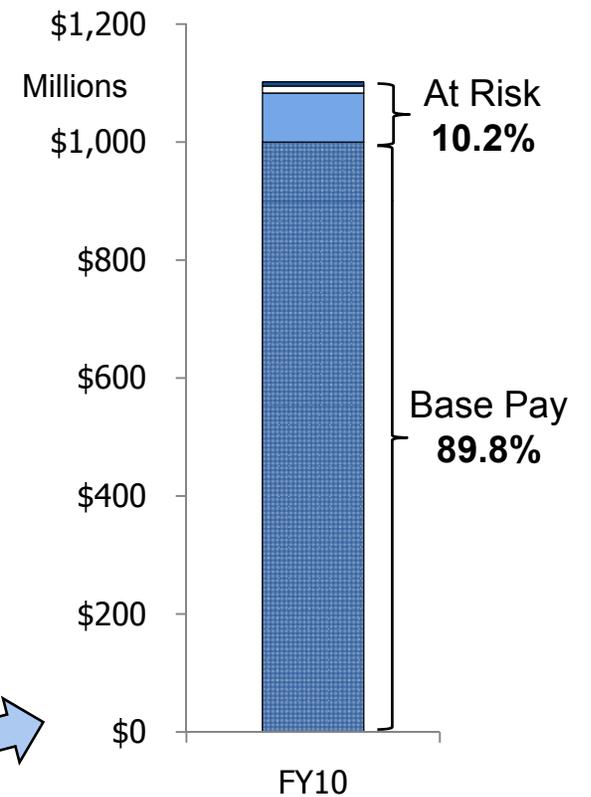
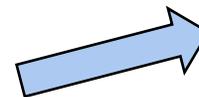
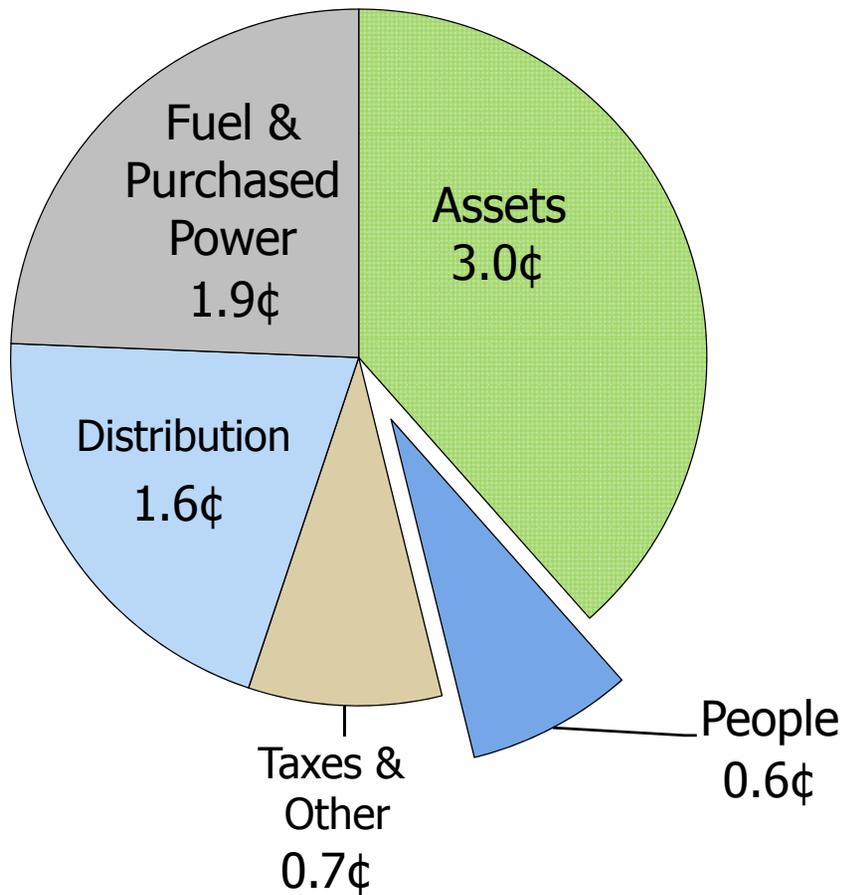
- Part of all TVA employees' pay is "at risk"
- Paid only if specific performance targets are met or surpassed





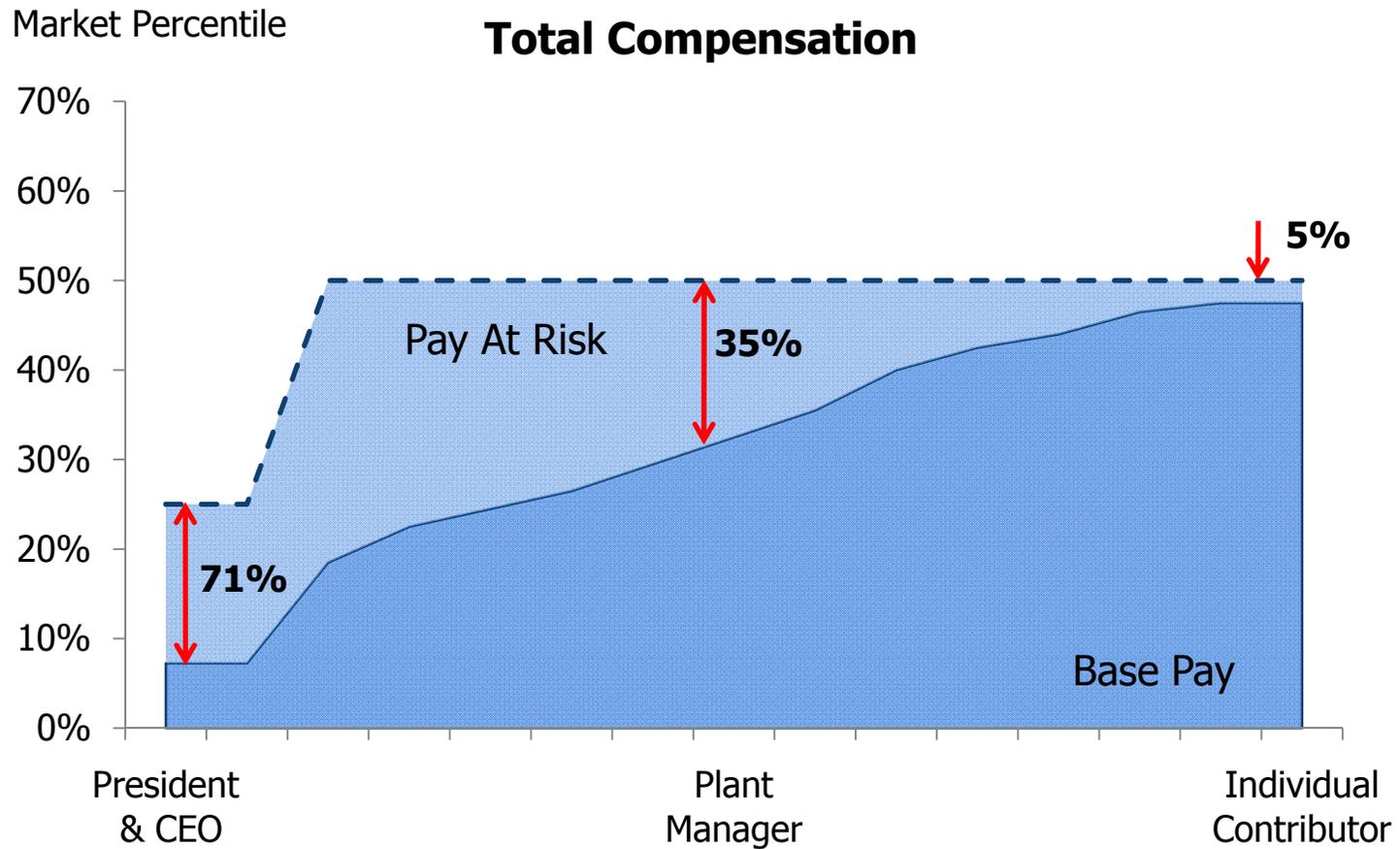
Investment Allocation

7.8¢ per KWh Average Retail Rate





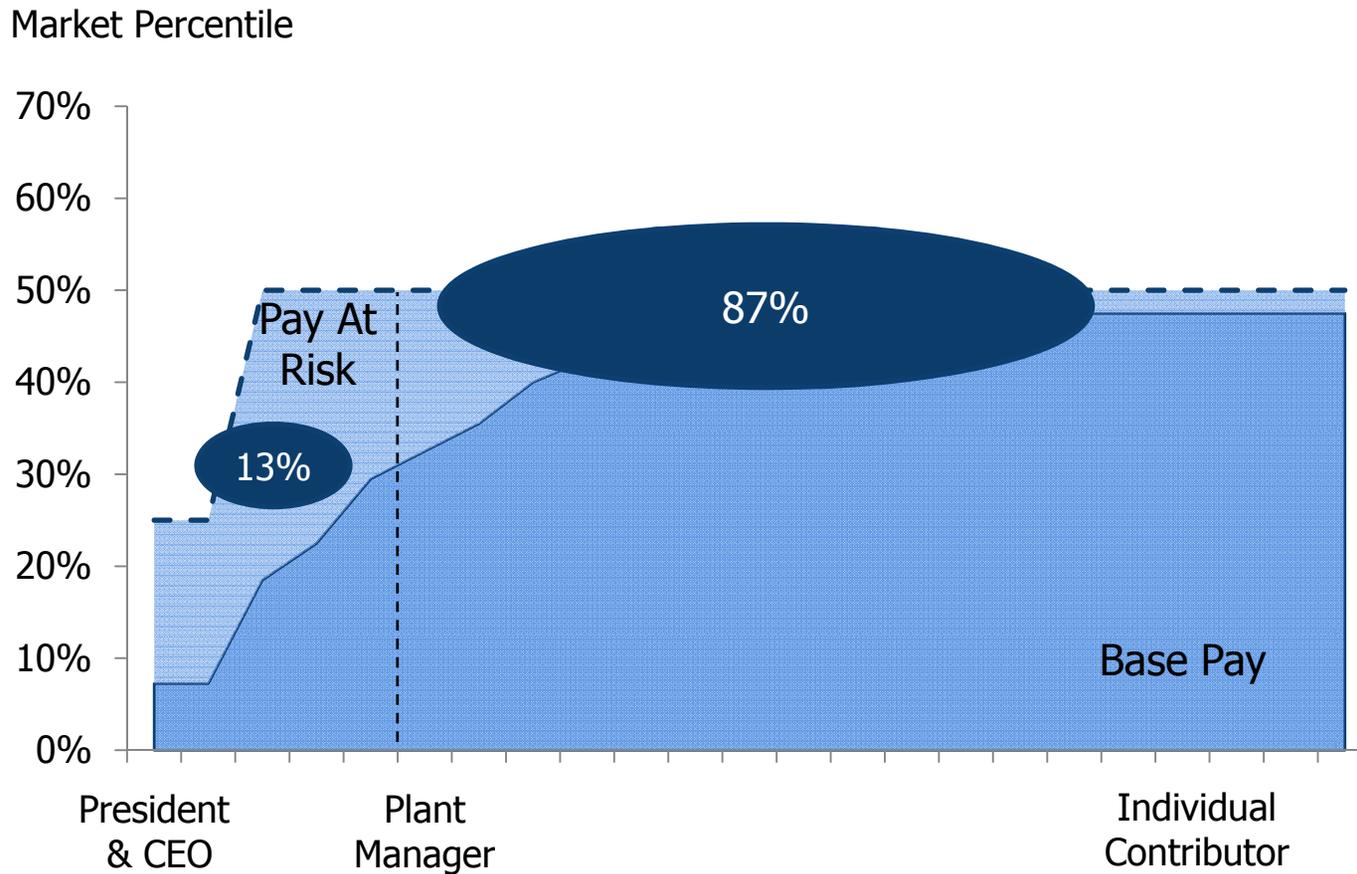
Pay at Risk Varies By Position





Pay at Risk Varies By Position

Most Performance Compensation is Paid Below the Plant Manager Level





Compensation for Named Executives

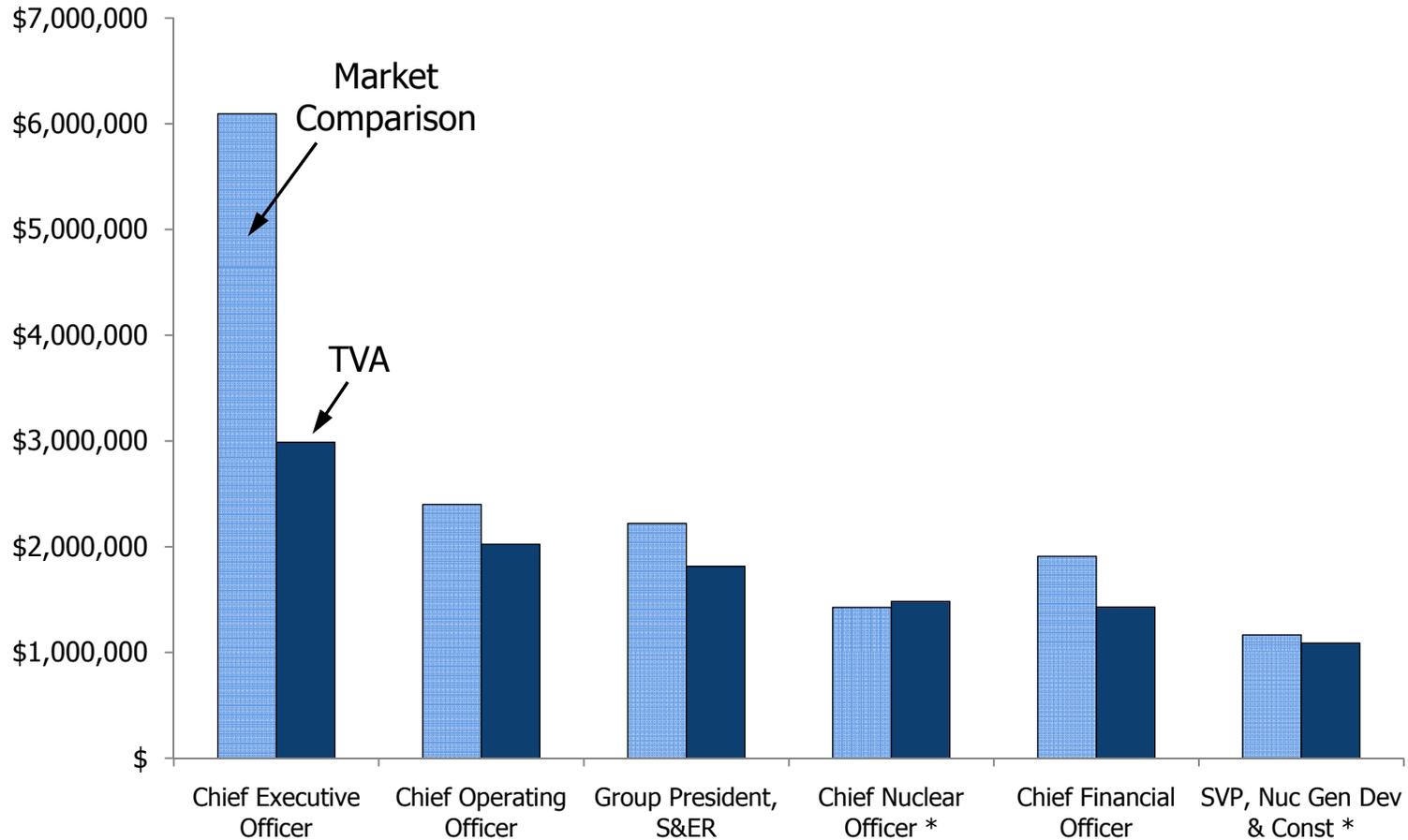
Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan Compensation (\$) (g)	Change in Pension	All Other Compensation (\$) (i)	Total (\$) (j)
							Value and Nonqualified Deferred Compensation Earnings (\$) (h)		
Tom Kilgore President and Chief Executive Officer	2010	\$853,269	—	—	—	\$1,838,142	\$595,643	\$311,025	\$3,598,079
John M. Thomas, III Chief Financial Officer	2010	\$410,000	—	—	—	859,376	\$177,260	\$91,381	\$1,538,017
John M. Hoskins Senior Vice President, Treasury	2010	\$273,045	\$ 40,000	—	—	\$165,004	\$347,151	\$63,675	\$888,875
Kimberly S. Greene Group President, Strategy and External Relations	2010	\$603,942	—	—	—	\$1,014,088	\$536,376	\$172,770	\$2,327,176
William R. McCollum, Jr. Chief Operating Officer	2010	\$748,381	—	—	—	\$1,078,617	\$335,712	\$222,770	\$2,385,480
Preston D. Swafford Executive Vice President and Chief Nuclear Officer, Nuclear Generation	2010	\$527,019	—	—	—	\$833,840	\$325,208	\$167,711	\$1,853,778
Ashok S. Bhatnagar Senior Vice President, Nuclear Generation Development and Construction	2010	\$458,000	—	—	—	\$457,933	\$311,861	\$190,450	\$1,418,244



Towers Watson Survey Comparison

2010 Total Direct Compensation for Named Executive Officers

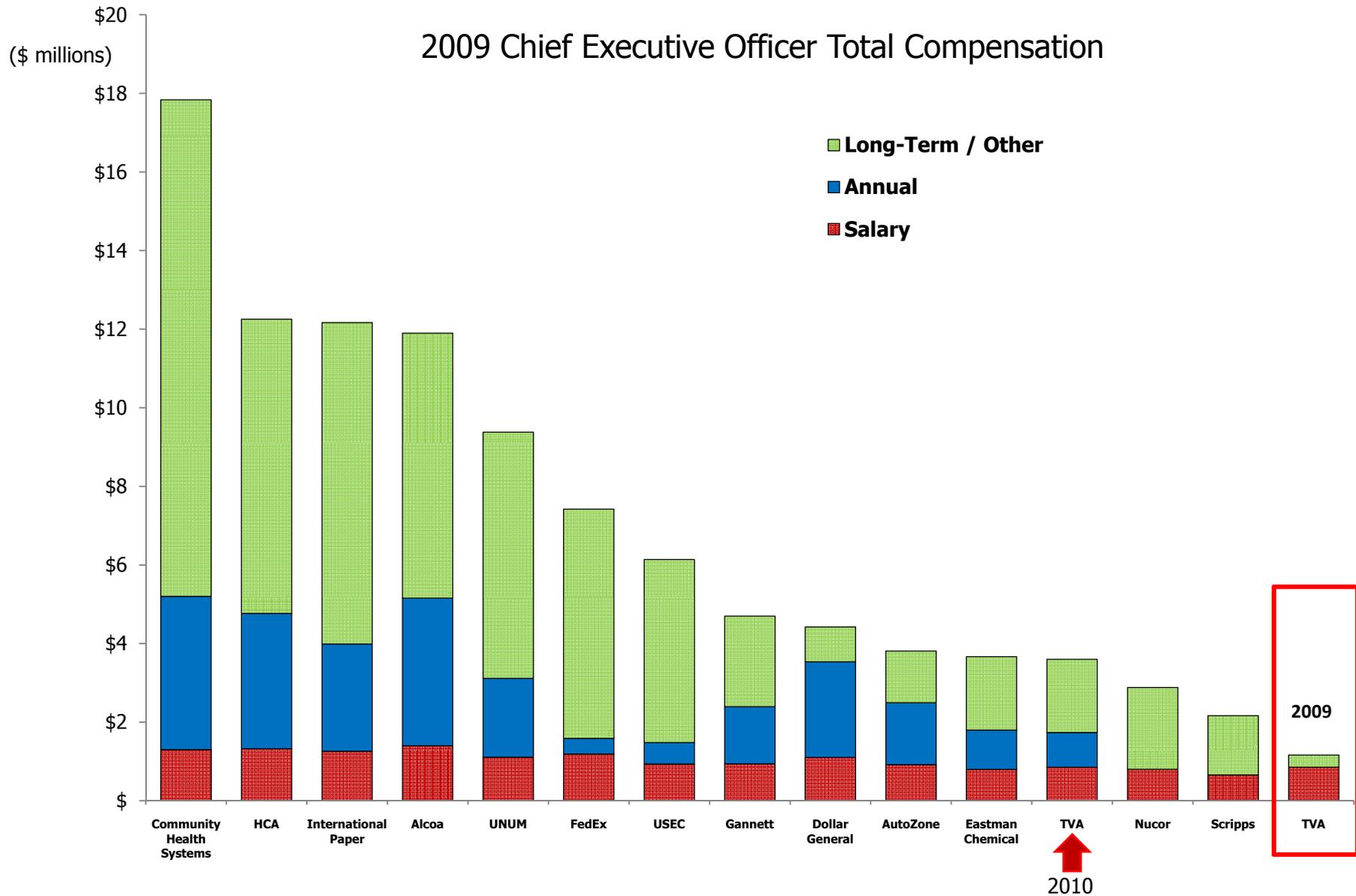


SOURCE: 2010 Custom Executive Pay Survey prepared for TVA by Towers Watson

* Targeted at the 75th percentile because positions are subject to high demand and scarcity and recruitment/retention issues within the nuclear industry.

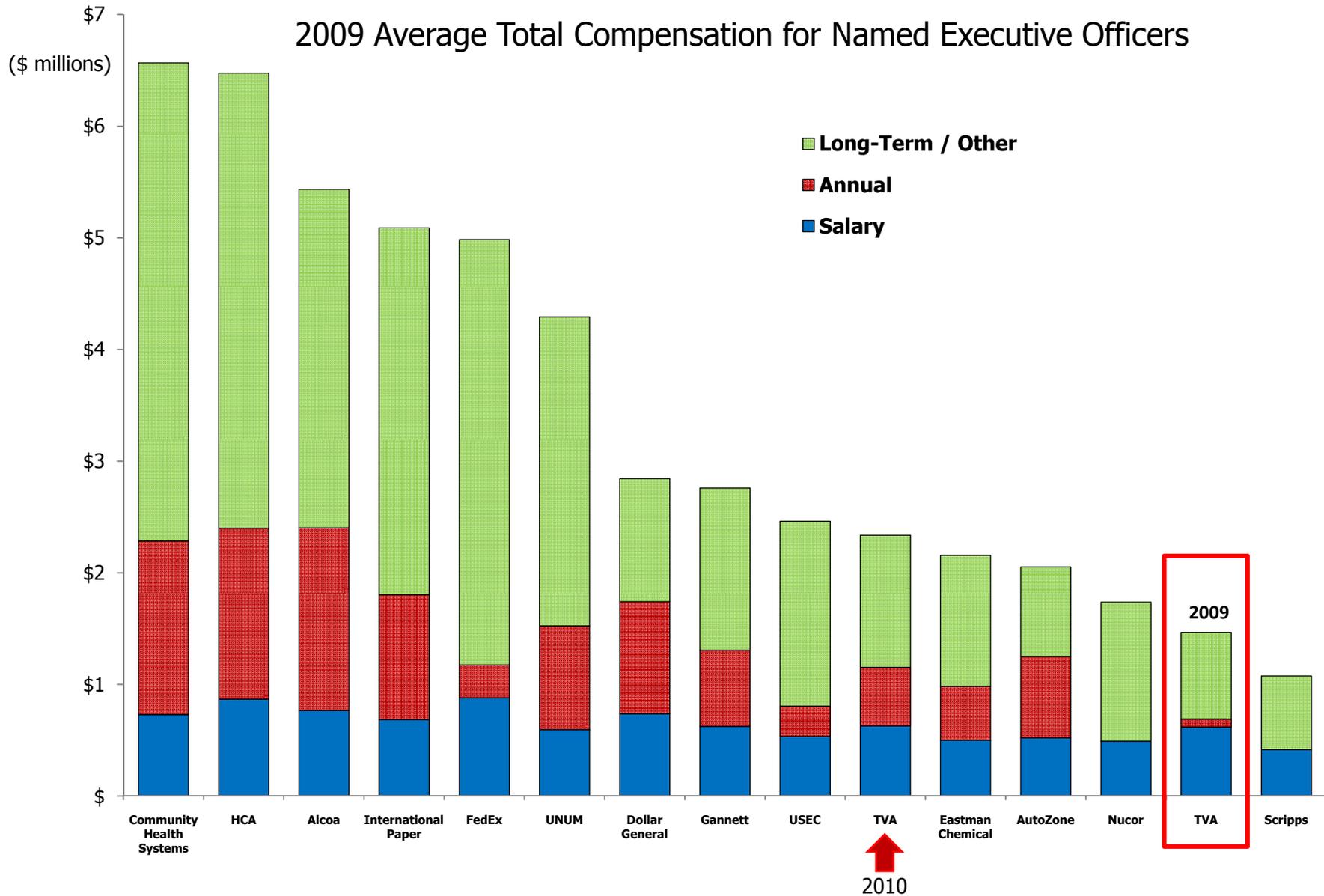


CEO Compensation Comparison





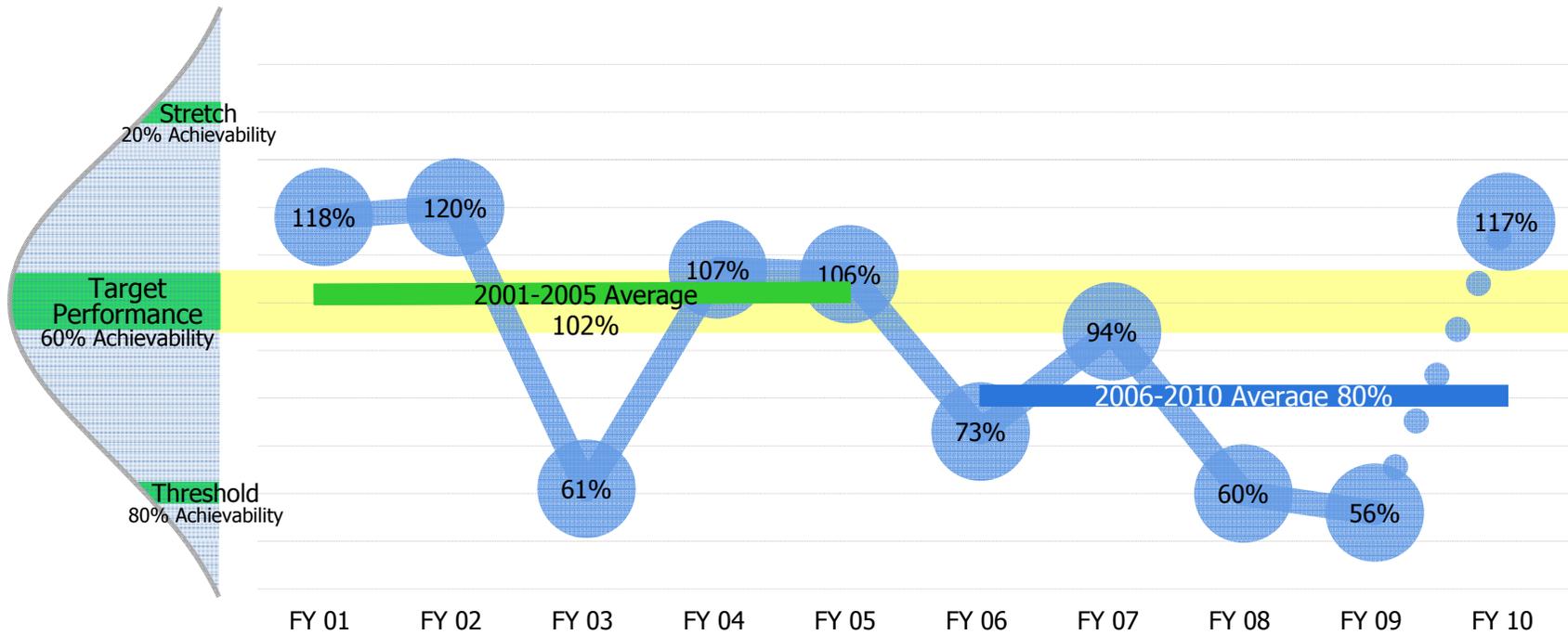
Average NEO Compensation Comparison





Performance Pay is "At Risk"

Winning Performance Payout History 9 Year History with Forecasted FY 10





Performance Compensation

Compensation Matters:

- Market-based program design
- Includes pay for performance component
- Incentives influence behaviors to drive performance
- Conservative compensation relative to peers
- No taxpayer money



2010 Summary - Performance



Strong Nuclear Performance

99.999% Transmission Reliability



Top Decile Safety

2 years Improved Fleet Availability



Improved Corporate Responsibility





2010 Summary - Financial



Conserved \$700 Million for 2011

Sound Financial Health



Rates Improving

Superior Credit Rating



TVA's Vision

One of the Nation's Leading
Providers of Low-Cost
and Cleaner Energy by 2020

