



Fact Sheet

TVA Winning Performance Team Incentive Plan

Since 2001, TVA managers and employees have had some portion of their pay “at risk” each year, meaning that part of their compensation is paid only if performance targets are met.

Background:

Known as Winning Performance, this program links a portion of each employee’s annual compensation to TVA’s overall success in achieving its vision and strategic objectives.

Key Points:

- The performance awards are not part of employees’ base pay but are “at risk” because employees must earn them each year by reaching specific TVA and/or business unit targets.
- At the start of each fiscal year, TVA corporate goals are approved by the TVA board, and business unit goals are approved by the CEO. At year-end, incentive awards are paid on a percentage basis for goals met.
- Employees are kept informed about performance throughout the year by reports on TVA’s internal website; in employee newsletters, business unit posters and pamphlets; and from their managers.
- About 12,893 employees have a portion of pay at risk in FY 2011. Award amounts vary because of the specific performance targets used by different organizations and the different incentive opportunity percentages assigned to each position.
- The management and specialist employees and executives all earn incentive pay based on the same results as other employees, but more of their pay is at risk. Executives in the Executive Annual Incentive Plan are tied to results on two corporate measures for financial performance and generation reliability.
- Performance measures and targets generally are established to meet these criteria:
 - Support TVA’s vision and mission
 - Make a difference in TVA’s success
 - Can be measured with practical and available data, including benchmarks
 - Can be directly linked to the top-line and bottom-line performance
 - Are understood by employees
 - Drive the right behaviors
 - Are important to customers and stakeholders
 - Can link performance to compensation
- The following graph depicts the relationship between base pay and pay at risk for positions at different levels within the organization. Employees in positions with greater scope and responsibility generally have more pay at risk.



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