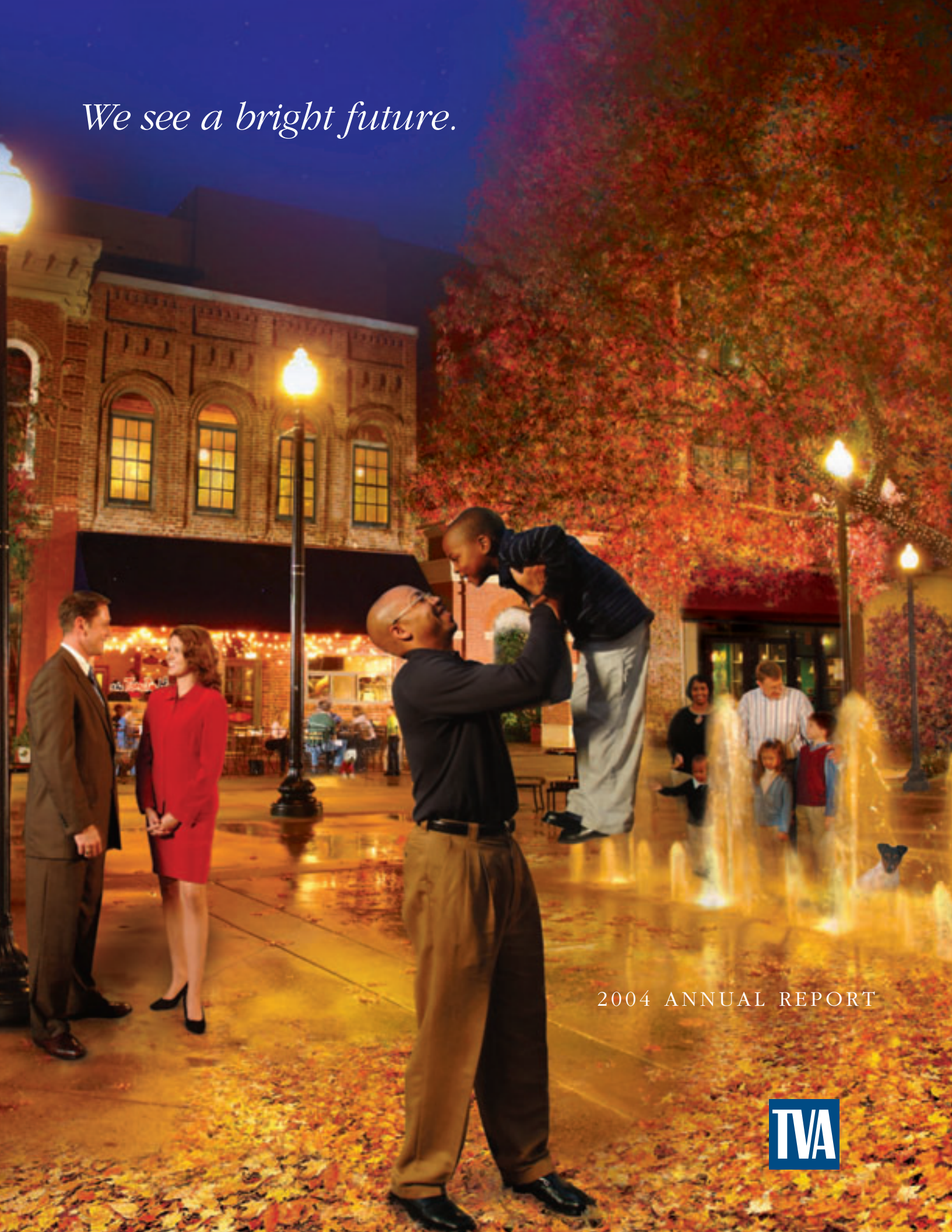


*We see a bright future.*



2004 ANNUAL REPORT





## FINANCIAL HIGHLIGHTS

For the years ended September 30 (in millions)	2004	2003	PERCENT CHANGE
<b>Summary statements of income</b>			
Operating revenues	\$ 7,533	\$ 6,953	8
Operating expenses	(5,873)	(5,398)	9
Operating income	1,660	1,555	7
Other income, net	37	29	28
Unrealized losses on derivative contracts, net	(7)	(7)	-
Interest expense, net	(1,304)	(1,350)	(3)
Cumulative effect of accounting changes, net	-	217	NM*
<b>Net income</b>	<b>\$ 386</b>	<b>\$ 444</b>	(13)

\*NM = Not meaningful

## POWER SYSTEM STATISTICS

At September 30 or for the years ended September 30, as appropriate	2004	2003	PERCENT CHANGE
<b>System input (millions of kilowatt-hours)</b>			
System generation			
Hydro, including pumped storage	13,916	16,103	(14)
Fossil	94,648	90,975	4
Nuclear	46,003	43,167	7
Combustion turbine	278	817	(66)
Green power	18	15	20
Total net generation	154,863	151,077	3
Purchased	15,148	15,760	(4)
<b>Total system input</b>	<b>170,011</b>	<b>166,837</b>	2
<b>System output (millions of kilowatt-hours)</b>			
Sales			
Municipalities and cooperatives	133,161	130,769	2
Industries directly served	29,344	27,756	6
Federal agencies and other	3,353	3,009	11
Total sales	165,858	161,534	3
Other	1,378	1,902	(28)
Losses	2,775	3,401	(18)
<b>Total system output</b>	<b>170,011</b>	<b>166,837</b>	2
<b>Winter net dependable capacity (megawatts)</b>	<b>33,189</b>	<b>31,658</b>	5
<b>System peak load (megawatts) – summer</b>	<b>29,966</b>	<b>28,530</b>	5
<b>System peak load (megawatts) – winter</b>	<b>27,997</b>	<b>29,866</b>	(6)
<b>Annual load factor (percent)</b>	<b>64.2</b>	<b>63.2</b>	2
<b>Number of employees at September 30</b>	<b>12,742</b>	<b>13,379</b>	(5)
<b>Percent winter dependable capacity by fuel source</b>			
Fossil	50%	49%	-
Nuclear	19%	19%	-
Hydro	16%	17%	-
Combustion turbine	15%	15%	-

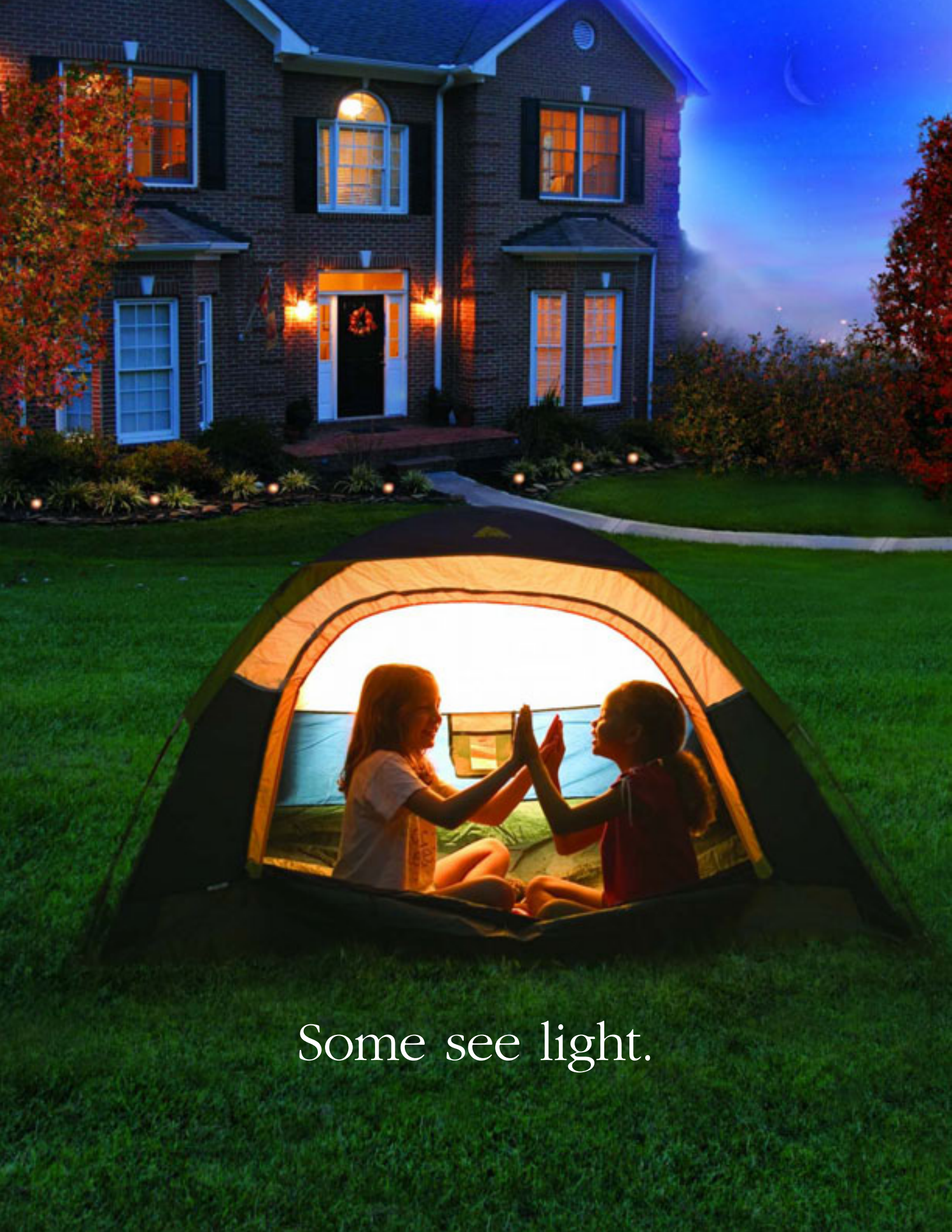
Beginning with the 2004 Information Statement and Annual Report, TVA is presenting consolidated financial statements that include both power and nonpower activities.



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Some see light.





*We see a power system  
meeting the growing  
energy needs  
of 8.5 million people.*

A prosperous future begins with energy. It turns ideas into reality, inventions into products, and plans into profit. With record-breaking performance and increasing opportunities, TVA expects to continue providing affordable, reliable power for generations to come.

For the fifth year in a row, the TVA transmission system delivered power to 158 power distributors and 62 directly served industrial customers with 99.999 percent reliability, achieving its lowest-ever rate of “connection point interruptions.” TVA continues to expand its facilities to meet rising demand

and to provide customers with an ample supply of power. The restart of Browns Ferry Nuclear Unit 1 is now more than 50 percent complete. In 2007, it is expected to begin providing TVA customers with an additional 1,280 megawatts of clean, reliable, and affordable power.



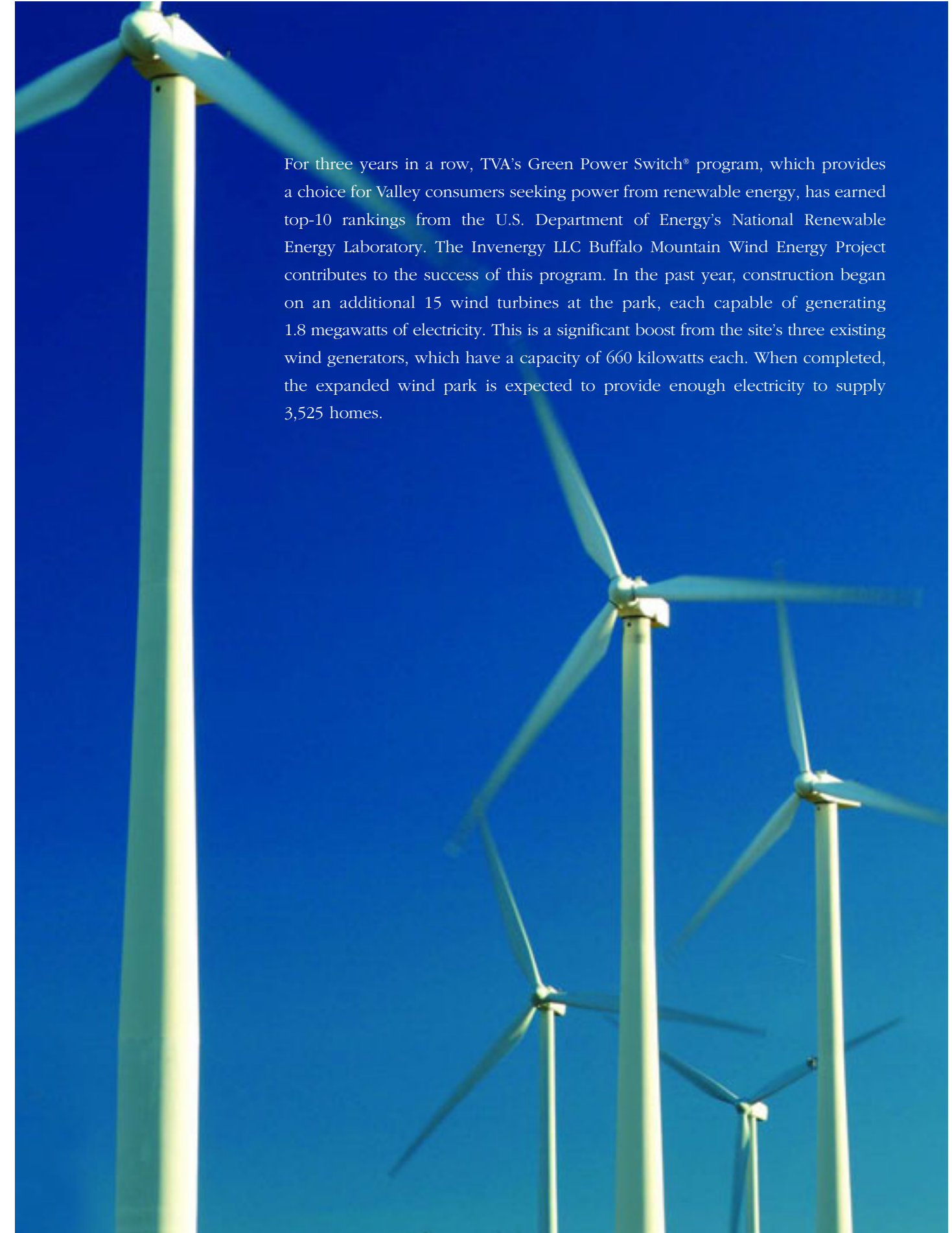
During the 2004 fiscal year, TVA sold more electricity than ever before—almost 166 billion kilowatt hours—and met an all-time summer peak demand of 29,966 megawatts. TVA met these milestones through record levels of performance. The fossil system set an all-time record for reliability, and improved performance saved TVA an estimated \$123 million. A dozen fossil units achieved continuous-run records, including Widows Creek Unit 3, which surpassed the previous TVA fossil-system record of 616 days of power generation without interruption. TVA also achieved the second-highest level of nuclear generation in its history.

To guide its nuclear program into the future, TVA named Karl W. Singer Chief Nuclear Officer and Executive Vice President of TVA Nuclear. An 11-year employee of TVA, Singer has more than 21 years of experience in the nuclear industry and an extensive background in nuclear power plant operations.

To better enable distributor customers to meet the challenges of the competitive marketplace, TVA is working with distributors and the Tennessee Valley Public Power Association to develop a new business model, better contracts, and innovative pricing products.

An environmentally friendly future with a reliable electricity supply is expected to require the emissions-free power provided by nuclear energy. TVA has joined two teams of companies working with the U.S. Department of Energy to demonstrate and test a process by which advanced nuclear power reactors could obtain a combined construction and operating license (COL). The consortia formed by these companies are expected to demonstrate the timeliness of the COL process and provide a detailed cost estimate for building a new unit, although neither consortium has made a commitment to build such a unit at this time.





For three years in a row, TVA's Green Power Switch® program, which provides a choice for Valley consumers seeking power from renewable energy, has earned top-10 rankings from the U.S. Department of Energy's National Renewable Energy Laboratory. The Invenergy LLC Buffalo Mountain Wind Energy Project contributes to the success of this program. In the past year, construction began on an additional 15 wind turbines at the park, each capable of generating 1.8 megawatts of electricity. This is a significant boost from the site's three existing wind generators, which have a capacity of 660 kilowatts each. When completed, the expanded wind park is expected to provide enough electricity to supply 3,525 homes.





Some see a river  
and sky.





*We see cleaner water and air  
for generations to come.*

Speak of the Tennessee Valley and for most people, the region's beauty comes first to mind: the scenic, endless waterways, the green landscapes, the gently rolling hills.

To others, thoughts of the Valley center on the lifestyle—the family focus, strong work ethic, and love of the outdoors.

TVA is committed to helping the region's economy grow and enhancing the quality of life for the people of the Valley. TVA is working aggressively to improve air quality and manage the Tennessee River system so the Valley is a cleaner and safer place to live and work. Today, the region's air is cleaner than it has been in decades, and a new policy is improving TVA's



operation of the river system.

Since 2000, TVA has invested more than \$1 billion in selective catalytic reduction (SCR) systems to reduce nitrogen oxide emissions from coal-fired generating units. Summer nitrogen oxide emissions have been reduced by 78 percent since 1995; in fact, in 2004 the Valley saw the fewest high-ozone days of any year on record.



*A scrubber at Paradise Fossil Plant*

When TVA's current emissions-reduction program is complete, TVA expects to have invested approximately \$6 billion in cleaner air. To date, six scrubbers, which reduce sulfur dioxide (SO<sub>2</sub>) emissions, are operating on six generating units, and five more are planned or under construction. When these scrubbers are completed, emissions of SO<sub>2</sub> will be reduced by about 85 percent, compared with 1977 levels.

Serving the greater public good was the goal of the Reservoir Operations Study, completed in 2004. This comprehensive analysis of how TVA operates its dams and reservoirs resulted in a shift in procedures from targeting specific summer reservoir elevations to a flow-based approach that efficiently moves water through the river system for a variety of needs. The new policy was shaped with extensive public input from citizens all across the Valley, as well as from representatives from state and federal agencies.







The beauty of the Tennessee Valley must be seen to be believed. TVA has spent much of the past year expanding and improving trails to help residents and visitors experience the natural wonder of our region. A wheelchair-accessible walkway now leads to a spectacular view of the 60-foot waterfall at Foster Falls in Marion County, Tennessee. In 2004, a new trail was opened on the Muscle Shoals Reservation in Alabama, volunteers constructed a segment of the new Tellico Trail and a parking lot on Tellico Reservoir, and the Songbird Trail at Norris Reservoir was extended.



Some see new business.





*We see jobs  
that keep the Valley growing.*

Economic development is at the heart of TVA’s mission of making the Valley a better place to live. A thriving economy means good jobs, more investment in the region, quality growth, and opportunities for Valley residents to build more prosperous lives.

In the past three years, TVA and its economic development partners have helped attract or retain more than 145,000 jobs for Valley communities. TVA loan commitments of \$57.4 million during this time have directly leveraged \$832 million in additional investments. In FY 04, the overall efforts of TVA and its partners leveraged investments of \$2.1 billion.

Because of its regional approach to economic development, TVA is in a unique position to foster the Valley’s industrial growth, with a focus on

plastics, automotive assembly and suppliers, food processing, distribution and warehousing,



biotechnology, and emerging technologies. To help the region attract major automotive plants, TVA commissioned McCallum Sweeney Consulting to identify, evaluate, and certify “megasites” for automotive assembly operations, resulting in the certification of large industrial sites in Columbus, Mississippi, and Hopkinsville, Kentucky.

By 2007, 400 people are expected to cite Aisin Automotive Casting Tennessee Inc. (*left*) as their employer. With funding from TVA, the State of Tennessee, the cities of Clinton and Oak Ridge, and Anderson County, an incentive package enabled Aisin to break ground on a new \$67 million parts plant in Clinton, Tennessee.



TVA's financial and technical assistance helped the world's largest manufacturer of automotive sunroof assemblies, Webasto Roof Systems, choose to invest \$14 million to build a 105,000-square-foot facility in Murray, Kentucky. The German automotive manufacturer plans to make a total capital investment of \$22 million and employ more than 160 workers within three years.

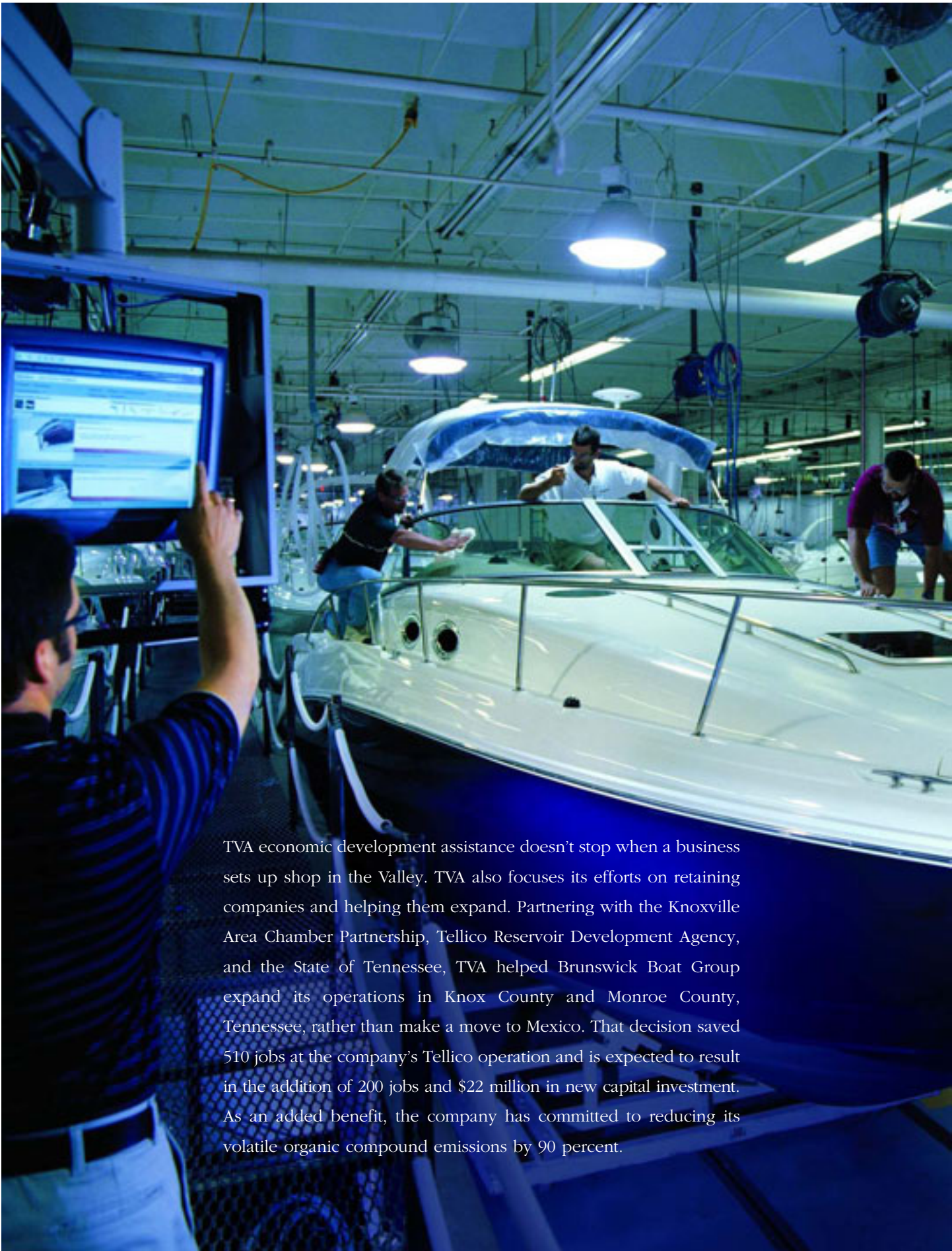
With financial assistance from TVA to purchase new equipment, Electricfil Automotive of France plans to establish its American headquarters in Athens, Alabama, with a \$5.3 million initial capital

investment. Electricfil is the European leader for ignition systems and specializes in engine management, transmission, and climate-control sensors. Electricfil employs 1,100 people worldwide and had sales of \$150 million in 2003.

TVA assistance also helped Wayne Farms decide on a \$55-million expansion of its poultry-processing plant in Decatur, Alabama, which will create 160 jobs. The groundbreaking ceremony (*pictured below*) included Alabama Governor Bob Riley (*third from left*) and TVA Chairman Glenn McCullough (*third from right*).







TVA economic development assistance doesn't stop when a business sets up shop in the Valley. TVA also focuses its efforts on retaining companies and helping them expand. Partnering with the Knoxville Area Chamber Partnership, Tellico Reservoir Development Agency, and the State of Tennessee, TVA helped Brunswick Boat Group expand its operations in Knox County and Monroe County, Tennessee, rather than make a move to Mexico. That decision saved 510 jobs at the company's Tellico operation and is expected to result in the addition of 200 jobs and \$22 million in new capital investment. As an added benefit, the company has committed to reducing its volatile organic compound emissions by 90 percent.



A nighttime photograph of a city skyline. The sky is a deep blue with a hint of purple near the horizon. In the foreground, a multi-level highway interchange is visible with light trails from cars. Several tall buildings are illuminated with warm yellow and white lights. One prominent building in the center has a bright green light on its top. To the left, a bridge with arches spans across a river. The overall scene is a vibrant urban landscape at dusk.

Some see a three-part mission  
of energy, the environment,  
and economic development.





*Chairman Glenn McCullough (center) with TVA employees from across the Tennessee Valley.*

In 2004, the people of TVA achieved measurable successes in the three major areas of TVA's mission—energy, the environment, and economic development. Every day, their work delivers value to the 8.5 million people of the Tennessee Valley through reliable and affordable energy, cleaner air and water, and a growing economy that attracts jobs and opportunity to the seven-state region. More importantly, their work today is helping to build a bright future for the region as a place to live, work, and raise a family.



*Director Bill Baxter poses with Great Smoky Mountains National Park Superintendent Dale Ditmanson at TVA's official donation of 14 environmentally friendly electric vehicles for use by park personnel. The vehicles had been on loan since 2001 to evaluate their performance and efficiency in a mountainous environment. The study showed that the electric vehicles provided practical and reliable support for the tasks of picking up litter, transporting personnel, and carrying equipment.*

## Energy

The people of TVA carry on a seven-decade tradition of pride in TVA's mission to improve the quality of life in the Valley. TVA's affordable electricity is good for families. It also helps business and industries prosper and grow.

Overall, TVA sold a record 166 billion kilowatt-hours of electricity to our customers, earning revenue totaling \$7.5 billion. For the fifth year in a row, TVA's transmission system delivered that power with 99.999-percent reliability. To meet growing power needs, TVA continued work to restart Unit No. 1 at Browns Ferry Nuclear Plant in north Alabama. That work is on schedule and on budget to add 1,280 megawatts of competitively priced base-load power to the TVA system in 2007.

## Environment

TVA's power system performance was complemented by progress in our program to further reduce fossil-plant emissions and continue to improve air quality in the region. In 1995, TVA was the first energy provider in the nation to participate in Climate Challenge, a voluntary Department of Energy program for electric utilities to reduce greenhouse gas emissions.

TVA is now supporting the successor to that program, Climate Vision, which has called on the electricity sector and other industry sectors to reduce greenhouse gas intensity by 18 percent between 2002 and 2012. In addition to these activities, TVA is a member of the Southeast Regional Carbon Sequestration Partnership and is working with the Electric Power Research Institute and other electric utilities on projects investigating technologies for carbon dioxide capture and geologic storage.

During the year, TVA invested more than \$400 million in clean-air equipment, including the installation of 10 more selective catalytic reduction units to reduce nitrogen oxide emissions. To date, TVA has invested \$4 billion in meeting emission requirements. We expect to invest an additional \$2 billion by the end of this decade.

TVA manages the Tennessee River system and other natural resources to help make the Valley a cleaner and safer place to live and work. In 2004, TVA adopted a new reservoir operations policy to better manage the competing needs for flood control, navigation, power generation, recreation, and water quality and supply for the benefit of the people we serve.





*Throughout TVA's 72-year history, female employees have made significant contributions. In 2004, women made up 20 percent of TVA's workforce, with an increasing presence in engineering and technical fields, trades and labor, manager and specialist positions, and senior management. Above, Director Skila Harris (center) meets with women who work in finance, operations, information technology, and administration at Cumberland Fossil Plant in West Tennessee. On Aug. 23, in a first-ever for TVA Nuclear, an all-female team of Operators staffed the Sequoyah Nuclear Plant Unit 1 control room.*

### Economic Development

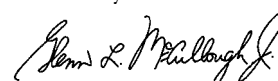
More than just an energy supplier, TVA is also an important partner with the public officials and community leaders who work to bring quality jobs to the region and keep them here. In FY 2004, TVA and our state and local partners helped attract or retain 50,388 jobs and leveraged investments of \$2.1 billion. The jobs created include 400 at a Home Shopping Network distribution center in Sullivan County, Tennessee; 160 at the Wayne Farms poultry facilities in Decatur, Alabama; 100 at Infiniti Media in Paducah, Kentucky; 100 with Bank of New York in Nashville; and 455 in DeSoto County, Mississippi, associated with FedEx Ground operations.

### Financial Strength

TVA is making steady progress in improving its financial strength and flexibility, notably in the continued reduction of its total financing obligations. Since the end of FY 1996, TVA has reduced its total financing obligations by \$1.8 billion, from \$27.7 billion to \$25.9 billion at the end of FY 2004. In that time, the amount of each revenue dollar used to pay interest and other financing expenses has declined from 34 cents to 19 cents.

As we look to the future, we believe that innovation is the key to success for TVA and the electric power industry. TVA is investing in the development of transmission technologies, research in clean-coal technology, and expansion of renewable energy sources in partnerships with Oak Ridge National Laboratory, the Electric Power Research Institute, the Department of Energy, and companies in the private sector. Through these partnerships, we are supporting the construction of the largest wind-turbine project in the Southeast, improving the licensing process for nuclear projects, and exploring the potential for building the next generation of nuclear reactors.

These and other innovations should create tomorrow's opportunities for the region and its people to prosper as TVA carries out its work in energy, the environment, and economic development. My colleagues on the TVA Board – Directors Skila Harris and Bill Baxter – and I are pleased to share this annual report that gives a glimpse of the bright future TVA is helping to bring to the Tennessee Valley and our nation.

  
Glenn L. McCullough, Jr.  
Chairman



	Tennessee Valley Authority	Our Customers and Partners	How We Help Them
Energy	<p>Nation's largest public power provider</p> <p>33,189 megawatts of capacity (net winter dependable)</p> <p>11 fossil plants (59 units)</p> <p>3 nuclear plants (5 units)</p> <p>29 hydro plants (109 units)</p> <p>6 combustion turbine plants (72 units)</p> <p>7 diesel units</p> <p>16 solar energy sites</p> <p>1 wind energy site (18 turbines)</p> <p>1 pumped-storage plant (4 units)</p> <p>Financed solely by power revenues, receiving no tax dollars</p>	<p>158 power distributors</p> <ul style="list-style-type: none"> <li>• 108 municipal utilities</li> <li>• 50 electric cooperatives</li> </ul> <p>62 directly served industries</p> <p>12 exchange power arrangements*</p> <p>8.5 million residents and 650,000 businesses and industries across an 80,000-square-mile service area covering most of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia</p> <p><i>*Includes an exchange arrangement with TAPOCO Inc., a division of Alcoa Inc., which is one of TVA's 62 directly served customers</i></p>	<p>TVA's power system helps the region thrive and enables residents to enjoy a better quality of life by delivering reliable, affordable electric power.</p> <p>TVA provides one of the most efficient and reliable transmission systems in the nation:</p> <ul style="list-style-type: none"> <li>• Achieving 99.999 percent reliability for five straight years</li> <li>• Monitoring and maintaining 17,000 miles of transmission lines</li> <li>• Providing accessibility through 1,032 individual interchange and connection points</li> <li>• Managing 258,000 right-of-way acres</li> </ul>
Environment	<p>One of the nation's most extensive emissions-reduction programs</p> <p>Stewards of the Tennessee River, the nation's fifth-largest river system</p> <p>49 dams for integrated river management</p> <p>11,000 miles of reservoir shoreline</p> <p>228,000 acres of public land for resource management</p> <p>650,000 surface acres of water for recreational use</p> <p>100+ public recreation areas</p> <p>Clean Water Initiatives</p> <p>Green Power Switch® program</p>	<p>Valley residents and visitors</p> <p>Outdoor recreation enthusiasts</p> <p>Industries shipping goods by barge</p> <p>Communities located along the Tennessee River and its tributaries, as well as those along the Ohio and Mississippi rivers</p> <p>Watershed coalitions and environmental groups</p> <p>State and local governments and federal agencies</p> <p>Municipal water utilities</p> <p>State and national fish and wildlife agencies and park services</p>	<p>TVA is working aggressively to further improve air quality.</p> <p>TVA manages the following uses of the Tennessee River system:</p> <ul style="list-style-type: none"> <li>• Flood control</li> <li>• Navigation</li> <li>• Power production</li> <li>• Water quality and supply</li> <li>• Recreation</li> <li>• Land use</li> </ul> <p>TVA's management of the river system provides a platform for economic development throughout the Valley and supports 21.8 million recreation-user-days annually.</p>
Economic Development	<p>\$338 million in tax-equivalent payments to Valley states and counties</p> <p>\$1.4 billion in total TVA employee compensation</p> <p>\$2.4 billion spent in Valley states for goods, fuel, and services</p> <p>\$2.3 million for regional industrial development associations (RIDAs), in partnership with distributors of TVA power</p> <p>10 Economic Development field offices</p>	<p>158 power distributors</p> <p>State and local economic developers</p> <p>Chambers of commerce</p> <p>Industrial development agencies</p> <p>Industries</p> <p>Site-selection consultants</p> <p>Valley communities</p> <p>Appalachian Regional Commission</p>	<p>TVA builds business and community partnerships that bring jobs to our region—and keep them here—to make our economy stronger.</p> <p>Economic development programs and services</p> <p>Reliable, affordable TVA power makes the Valley an attractive place to start or expand a business.</p> <p>Technical assistance</p> <p>Financial investments through economic development loan funds</p>



In the photos at right (*top to bottom*), a craftsman at Browns Ferry Nuclear Plant prepares to move a pipe as part of the Unit 1 restart; watershed team member Amanda Wood collects samples on the Clinch River in Spear Valley, Virginia, as part of a citizen-based effort called SOS (Save Our Streams); and Tim Tidwell, a TVA Economic Development Target Market Specialist, looks over a blueprint at a downtown construction project.

## 2004 Highlights

Generated nearly 155 billion kilowatt-hours of electricity.

Met a record peak demand of 29,966 megawatts on July 13.

Fossil system had 12 units set records for continuous operation.

TVA transmission achieved “zero backlog hours” in preventive maintenance for the first time, hit three million safe work-hours for the second time in history, and delivered 171 billion kWh (including power wheeled through the system for transmission customers).

TVA Nuclear employees achieved the lowest all-injury rate on record (0.75 per 200,000 employee hours worked) while achieving the second-highest total generation on record.

TVA ranked 78th among the top 500 innovative users of information technology by *InformationWeek* magazine.

Hydro system generation was 4 percent above normal, and generating capacity was increased by 18 megawatts through ongoing hydro modernization.

Supported construction on the largest wind-turbine project in the Southeast at TVA's existing wind farm in East Tennessee.

Installed TVA's 16th solar facility in Memphis.

Fossil system brought 10 additional selective catalytic reduction (SCR) systems online, bringing the total to 18 SCR systems in operation. These systems and other measures have reduced nitrogen oxide emissions by 78 percent during the summer ozone season from 1995 levels.

Began construction on a sulfur dioxide reduction scrubber at Paradise Fossil Plant in Kentucky, the first of five additional scrubbers being installed in the fossil system.

Sequoyah Nuclear Plant employees placed three casks of used nuclear fuel in an aboveground plant storage facility—the safest, most cost-effective storage option until the Yucca Mountain repository is completed.

Helped the Valley avoid \$12 million in potential flood damage.

An estimated 49 million tons of barge cargo shipped.

New Reservoir Operations Policy adopted, resulting in higher reservoir levels through Labor Day.

Helped 15 additional marinas achieve Clean Marina certification, bringing the total to 39 marinas since the program was launched in 2002.

Stabilized 5.33 miles of eroding shoreline, protecting 15 archaeological sites containing Native American burial grounds that are eligible for inclusion in the National Register of Historic Places.

TVA and its state and local partners helped attract or retain more than 50,000 jobs.

Provided loans totaling \$13.5 million to Valley companies.

TVA and its state and local partners leveraged investments of \$2.1 billion for the region's economy.

Implemented a Megasite certification program, in partnership with McCallum Sweeney Consulting, to help the region attract major automotive manufacturing plants. Resulted in certified sites in Hopkinsville, Kentucky, and Columbus, Mississippi.

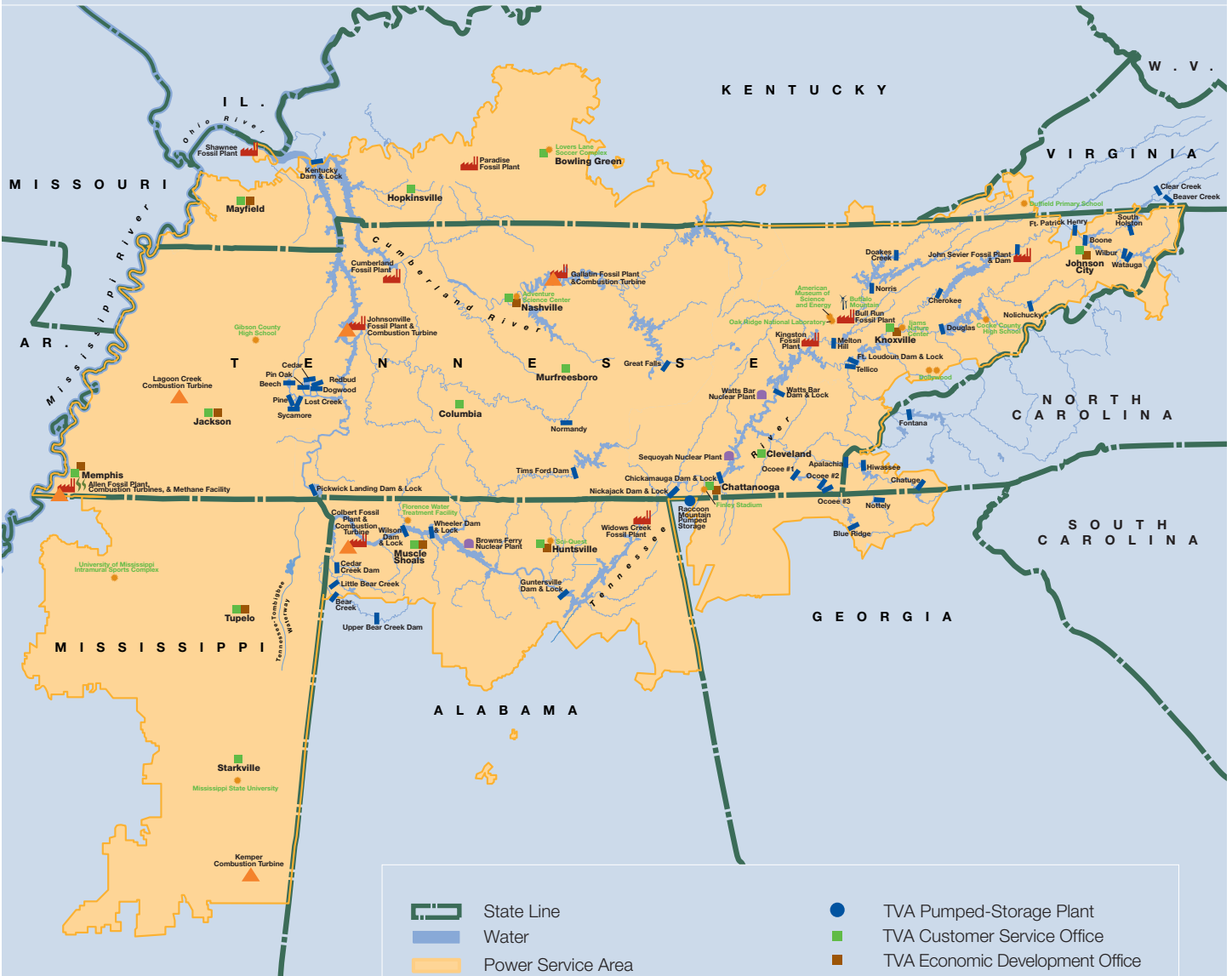
Launched a new building-and-land database, TVASites.com, which provides an inventory of available properties, as well as economic data and Geographic Information Systems mapping capabilities.









Partnered with Oak Ridge National Laboratory (ORNL) to allow researchers and scientists at Valley colleges and universities to connect to ORNL's supercomputer center through surplus capacity in TVA's fiber-optic infrastructure, enhancing access to valuable research and helping the region capitalize on economic development in the technology sector.

## Our People



# TVA SERVICE AREA



-  State Line
-  Water
-  Power Service Area
-  TVA Dam
-  TVA Fossil Plant
-  TVA Nuclear Plant
-  TVA Combustion Turbine Plant
-  TVA Pumped-Storage Plant
-  TVA Customer Service Office
-  TVA Economic Development Office
-  Green Power Switch® Solar Site
-  Green Power Switch® Wind Site
-  Green Power Switch® Methane Site

TVA manages the public benefits of navigation, flood control, power production, water quality and supply, land use and recreation on the Tennessee River system.



## BOARD OF DIRECTORS



### **GLENN L. McCULLOUGH, JR.**

Chairman

Was appointed to a six-year term as the 26th member of the TVA Board of Directors in November 1999... named chairman by President Bush in July 2001...serves on the Electricity Advisory Board to U.S. Department of Energy...board and executive committee member of the Electric Power Research Institute (EPRI), the Institute of Nuclear Power Operations (INPO), and the Nuclear Energy Institute (NEI)... elected mayor of Tupelo, Mississippi, in 1997 after 14 years in private business...was director of the Mississippi office of the Appalachian Regional Commission...member of the boards of the Memphis Chamber of Commerce, the Economic Development Partnership of Alabama, and the Mississippi Partnership for Economic Development...B.S. from Mississippi State University. He and his wife, Laura, have two sons, Vance Hudson and Glenn Thomas.



### **SKILA HARRIS**

Director

Was appointed by President Clinton to a nine-year term as the 25th member of the TVA Board of Directors in November 1999...the first woman to hold the post of TVA Director...17 years of public and private experience in the energy field...served in the Department of Energy in both the Clinton and Carter administrations...from 1993 to 1997, served as special assistant to Vice President Al Gore and as Tipper Gore's chief of staff...was Vice President for Development and Compliance at Steiner-Liff Iron and Metal Company from 1989 to 1992...was a contract and project manager at the U.S. Synthetic Fuels Corporation...B.A. in political science from Western Kentucky University...M.A. in legislative affairs from George Washington University.



### **BILL BAXTER**

Director

Was appointed by President Bush...sworn into office November 2001 to become the 27th member of the TVA Board of Directors...prior to his appointment, was Chairman and Chief Executive Officer of his family-owned business, Holston Gases Inc., headquartered in Knoxville... appointed Commissioner of Economic and Community Development for the State of Tennessee...during his three year tenure, the state achieved three consecutive years of record private capital investment and job creation...is a board member of the Grand Teton National Park Foundation and Friends of the Smokies...also serves on the U.S. Department of Energy's National Renewable Energy Laboratory National Advisory Council...B.A. from Duke University and law degree from the University of Tennessee. He and his wife, Ginger, have four children, Elizabeth, Jennifer, Joe and John.

## EXECUTIVE COMMITTEE

### **JACK A. BAILEY**

Senior Vice President, Power Resources and Operations Planning

### **TERRY BOSTON**

Executive Vice President, Transmission/Power Supply

### **JOHN J. BRADLEY**

Senior Vice President, Economic Development

### **KENNETH R. BREEDEN**

Executive Vice President, Customer Service and Marketing

### **AMY T. BURNS**

Vice President, Bulk Power Trading

### **JOSEPH R. BYNUM**

Executive Vice President, Fossil Power Group

### **MAUREEN H. DUNN**

Executive Vice President and General Counsel

### **THERESA A. FLAIM**

Senior Vice President, Strategic Planning and Analysis

### **KATHRYN J. JACKSON**

Executive Vice President, River System Operations and Environment, and Environmental Executive

### **JOHN E. LONG, JR.**

Executive Vice President, Human Resources

### **RON LOVING**

Senior Vice President, Outage Planning and Execution

### **ANDA A. RAY**

Vice President, Performance Initiatives

### **MICHAEL E. RESCOE**

Chief Financial Officer and Executive Vice President, Financial Services

### **ELLEN ROBINSON**

Executive Vice President, Communications and Government Relations

### **KARL W. SINGER**

Chief Nuclear Officer and Executive Vice President, TVA Nuclear

### **D. LEANNE STRIBLEY**

Executive Vice President, Administration

### **IKE ZERINGUE**

President and Chief Operating Officer

## INVESTOR INFORMATION

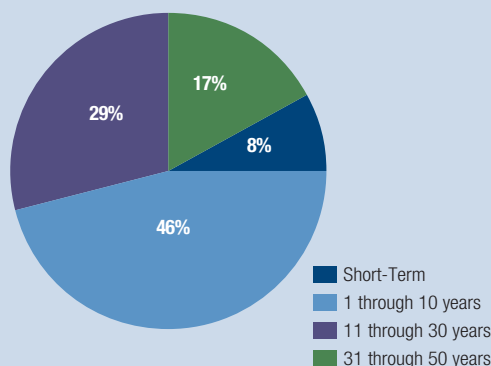
### FINANCING GOAL

TVA's financing goal is to offer unique investment opportunities that provide exceptional value for both the investor and TVA.

### DEBT MATURITIES - AS OF SEPTEMBER 30, 2004

As of September 30, 2004, TVA had 76 long-term debt issues of various maturities outstanding, which totaled \$21.3 billion.

TVA had \$1.9 billion in short-term discount notes outstanding as of September 30, 2004.



### INVESTOR BASE

TVA issues a variety of debt securities in U.S. dollars and other currencies designed to meet the needs of investors around the world. Investors in all 50 states and over 60 countries have purchased TVA securities.

### SECURITIES LISTING

All TVA bonds are publicly held. Most TVA Power Bonds are listed and traded on the bond market of the New York Stock Exchange, and some global bonds are listed on various foreign exchanges. TVA Putable Automatic Rate Reset Securities (PARRS) are listed and traded on the New York Stock Exchange under the symbols "TVC" and "TVE."

### FORM AND DENOMINATION

Security	Book-Entry Form	Denomination*	Payments
electronotes®	The Depository Trust Company	\$1,000	Varies with offering
PARRS (2 issues)	The Depository Trust Company	\$25	Quarterly
2003 Series A Global	The Depository Trust Company	£1,000	Annual
2001 Series B Global	The Depository Trust Company	£1,000	Annual
1998 Series H Global	The Depository Trust Company	£1,000	Semi-annual
1996 Series C Global	The Depository Trust Company	DM1,000	Annual
Other Power Bonds (19 issues)	Federal Reserve Bank System	\$1,000	Various

### TVA BONDS OFFER INVESTORS SECURITY

■ **Credit Ratings:** TVA's rated bonds are rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch Ratings.

■ **Statutory Requirements:** The TVA Act requires TVA to set power rates sufficient to pay, among other things, debt service on outstanding bonds.

■ **First Pledge of Payment:** All TVA bonds and notes are senior debt and holders of these securities are given first pledge of payment from net power proceeds.

■ **Purpose of Issuance:** TVA may only issue securities to provide capital for power program purposes or to refund existing indebtedness.

■ **State & Local Tax Exemption:** Both the principal and interest on TVA securities are generally exempt from state and local income taxes.

■ **Survivor's Option:** Some issues contain an option that allows for redemption at par value upon the death of the beneficial owner (subject to certain limitations).

TVA securities are backed solely by the net power proceeds of the TVA power system and are neither obligations of nor guaranteed by the U.S. Government.

\* Market prices and broker policies may require investors to pay more or less than par value for a security in the secondary market. TVA does not guarantee the availability of any securities or the existence of any secondary markets. These pages do not include all information about TVA or its securities that is important for making investment decisions.



## DESCRIPTION OF TVA SECURITIES



TVA's electronotes® program is a retail bond program that offers bond issues in a variety of different structures targeted to individual investors. These bonds are generally issued in denominations of \$1,000, with maturities ranging from one to 30 years.

### PUTABLE AUTOMATIC RATE RESET SECURITIES (PARRS)

These bonds trade on the New York Stock Exchange under the symbols "TVC" and "TVE." They were issued in denominations of \$25 and pay interest quarterly. They had a fixed coupon

rate for the first five years after issuance; however, an annual reset provision provides for a possible reduction in the coupon rate under certain market conditions. If the rate is reset, the bond owner has the option to put (return) the bonds to TVA at par value.

### VALLEY INFLATION-INDEXED POWER SECURITIES (VIPS)

These bonds are indexed to inflation as measured by the Consumer Price Index (CPI). Investors receive a fixed coupon rate, but the principal is adjusted for the changes in the CPI over time.

### DISCOUNT NOTES

These are short-term notes offered for sale on a continuing basis to investment dealers and dealer banks. Discount notes are sold at a discount, in book-entry form, in principal amounts of \$100,000 and additional increments of \$1,000.

### OTHER TVA POWER BONDS (22 TOTAL)

TVA has both global and domestic bonds of varying maturities, structures, and interest payment frequencies and in various currencies.

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### E-MAIL ALERT

E-mail alerts are messages that are conveniently delivered to a subscriber's e-mail address whenever certain new information is posted to TVA's Investor Resources Web pages. To learn more about how to subscribe to e-mail alerts, visit TVA's Web site at [www.tva.com/finance](http://www.tva.com/finance).

### ADDITIONAL INFORMATION

Please visit [www.tva.com/finance](http://www.tva.com/finance) for more details on TVA investment opportunities as well as offering circulars for specific securities, or call TVA's Treasury organization toll-free at 888-882-4975. TVA does not sell securities directly to investors. TVA securities may generally be purchased through a broker, bank, or other financial institution.

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