



President's Report



2008 Hard Spots

Large unit outages

Continuing drought

Coal prices increased

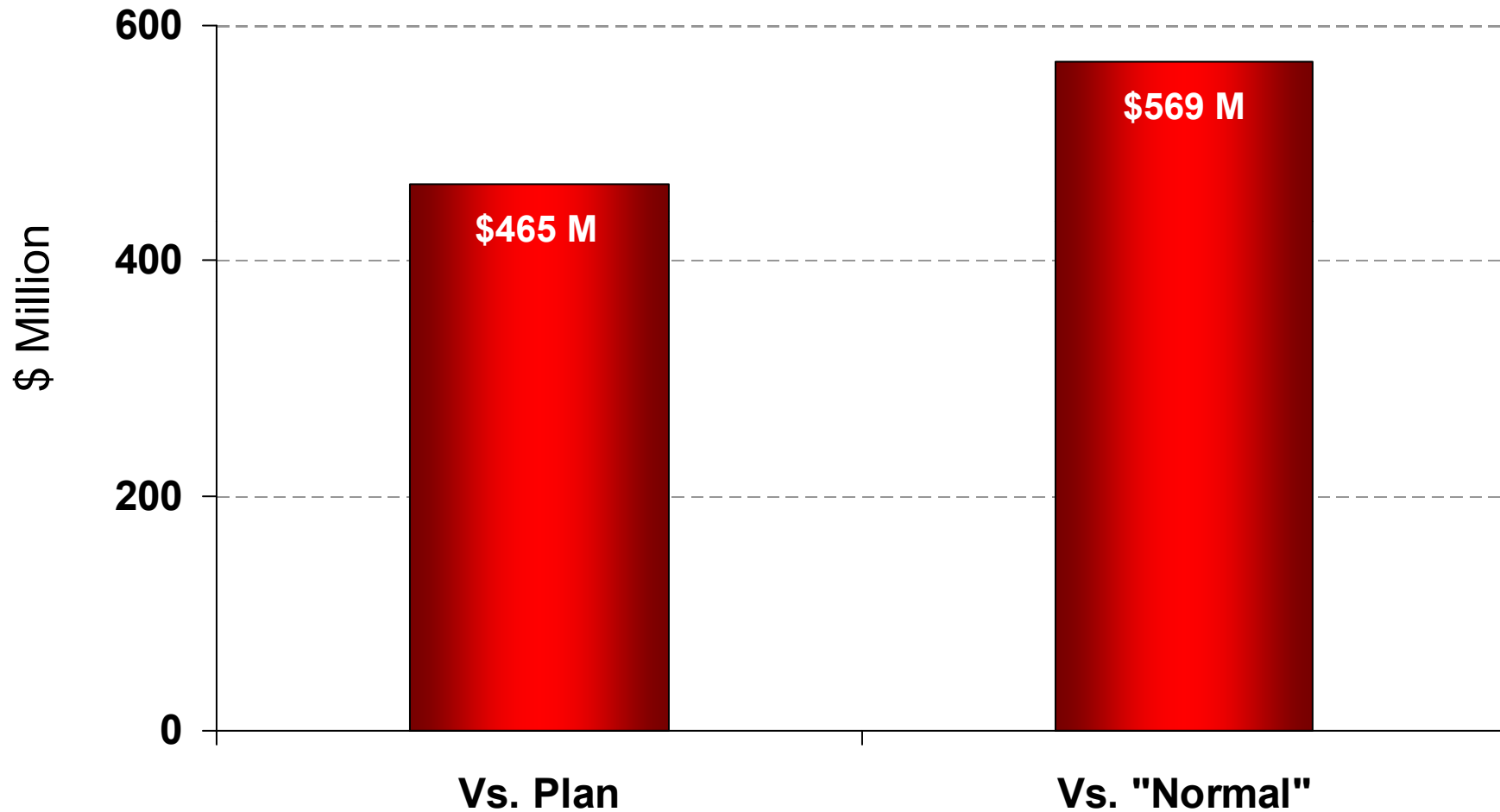
Rates increased due to high fuel costs

Market turmoil



2008 Drought Impacts

Replacement Power Costs





2008 Hard Spots

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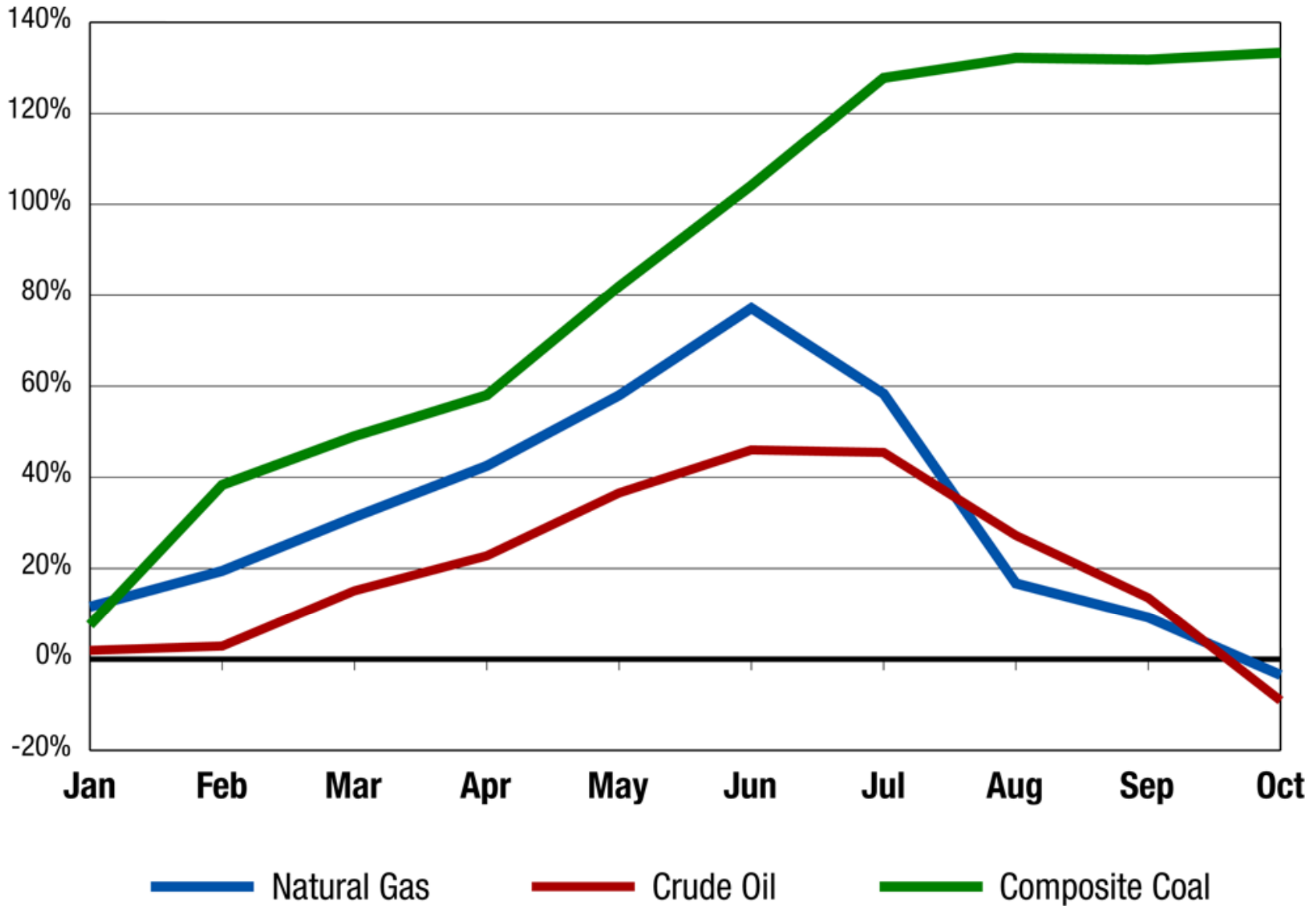
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Market turmoil



Fuel Prices





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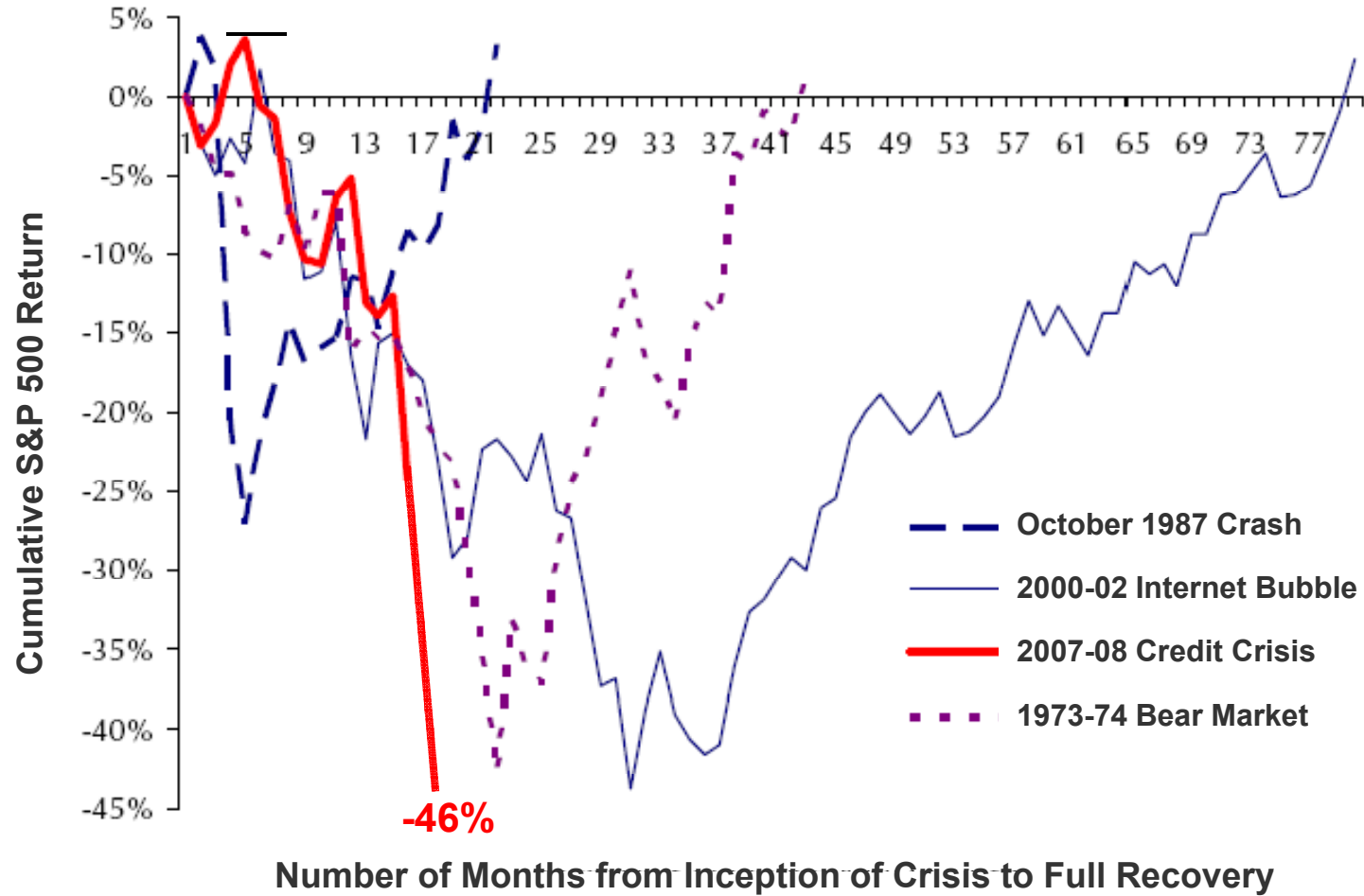
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Market turmoil



Market Turmoil

Past Stock Market Declines (S&P 500 Index)



Courtesy of Cliffwater, LLC 2007-2008 crisis S&P 500 return depicted is from October 9, 2007 (prior peak) through October 27, 2008



2008 Highlights

TVA turned 75!

Best safety record in 5 years

Browns Ferry 2 completed a 393-day run

Browns Ferry 1 had a 268 day continuous run and saved customers \$800 million

4 nuclear units were at full power more than 300 days

Bull Run scrubber is 98% complete (in service in 2009)

Kingston scrubber is 78% complete (in service in 2010)



2008 Highlights

Record runs for smaller coal plants:

- Five sites set records for all units
- 12 units set individual records
- 2 records are still in progress

99.999% reliable power delivery for 9th year

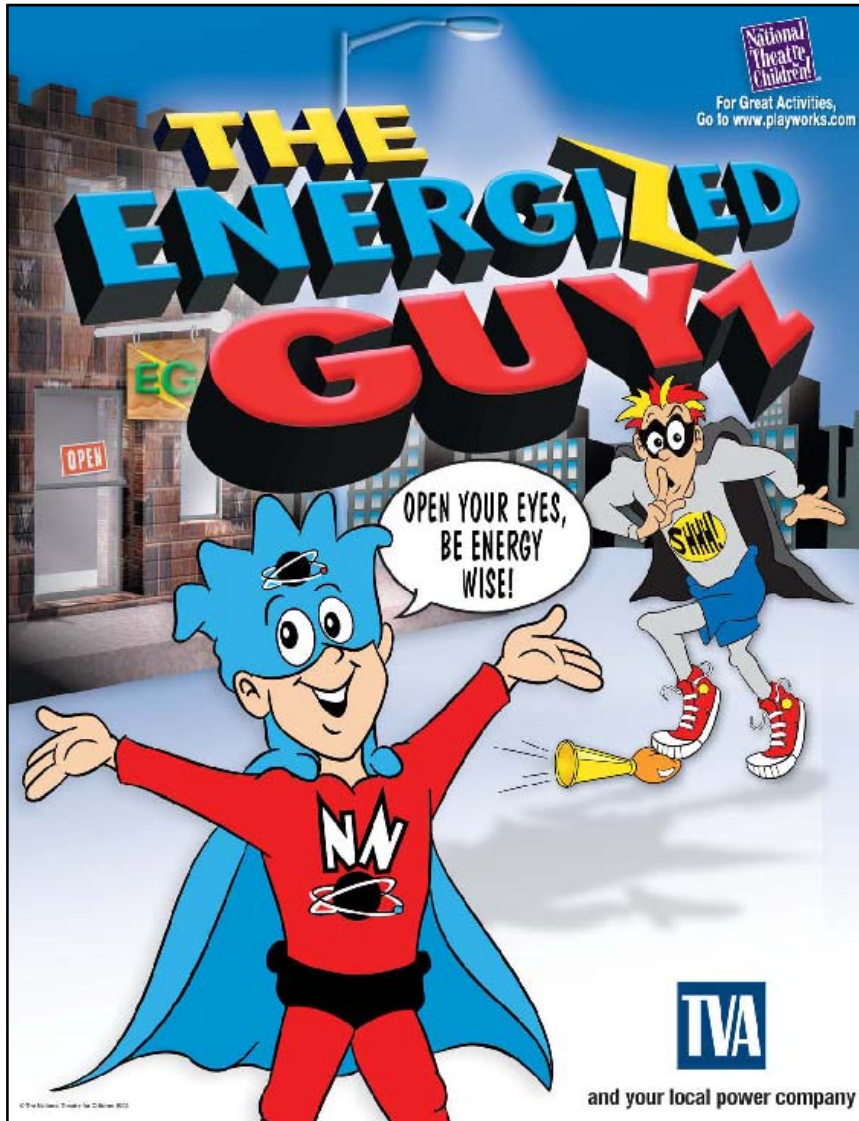
Purchase agreement for Chattanooga Office

Issued TVA Environmental Policy

Strong economic development



Energy Education



Photos courtesy of The Carthaginian

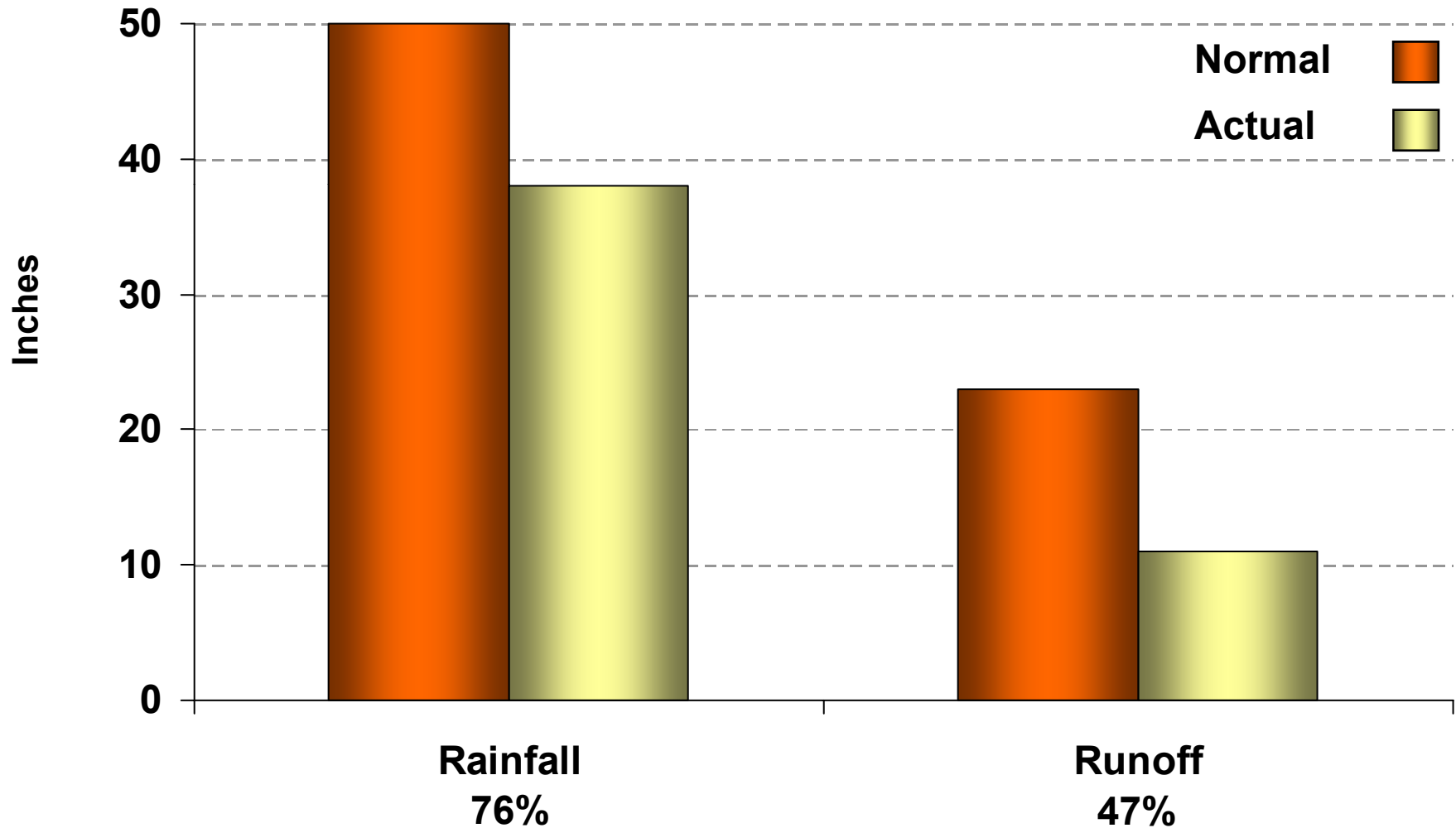


Performance Metrics



Rainfall and Runoff

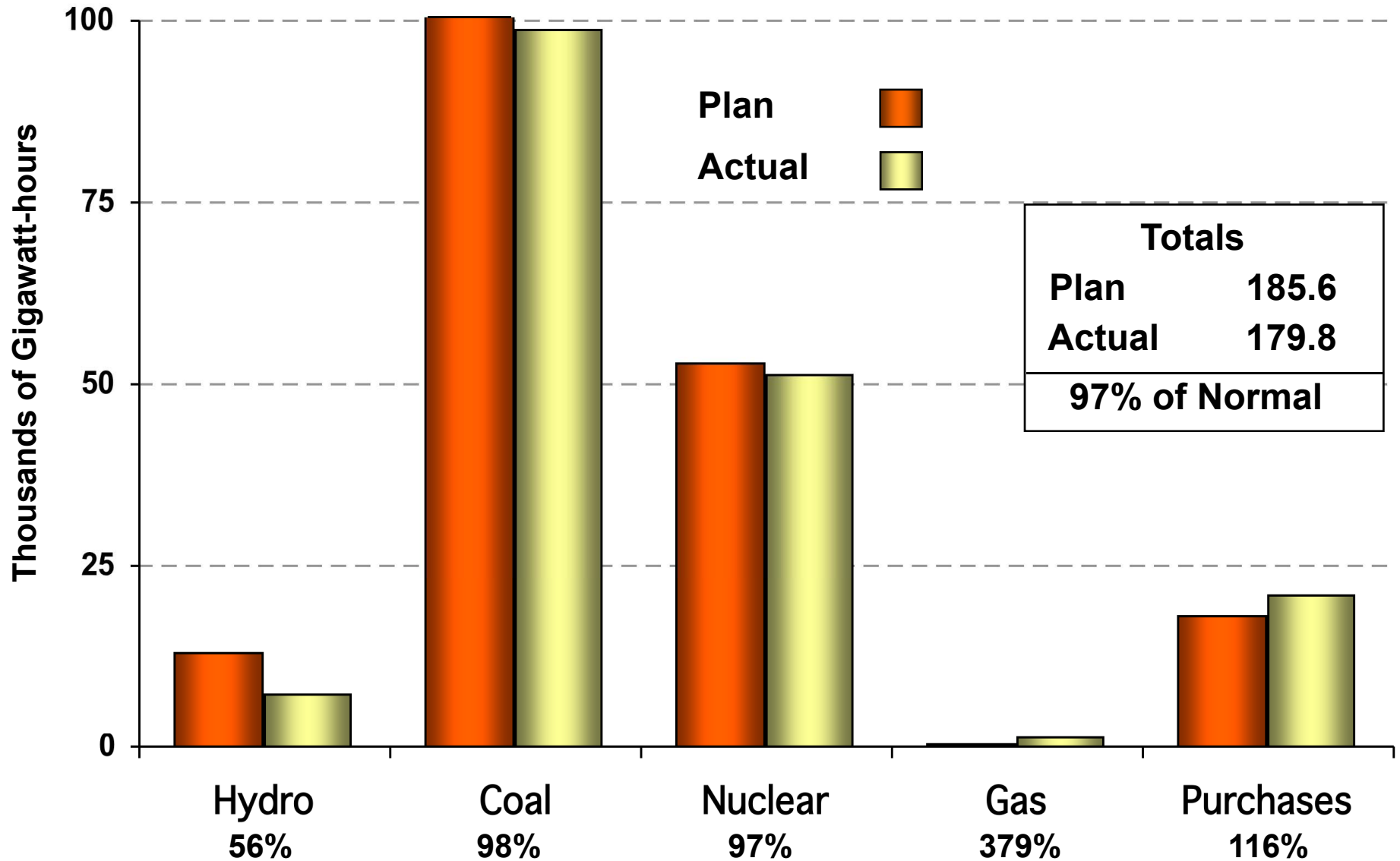
(Eastern Valley)
Fiscal Year 2008 Results





Generation

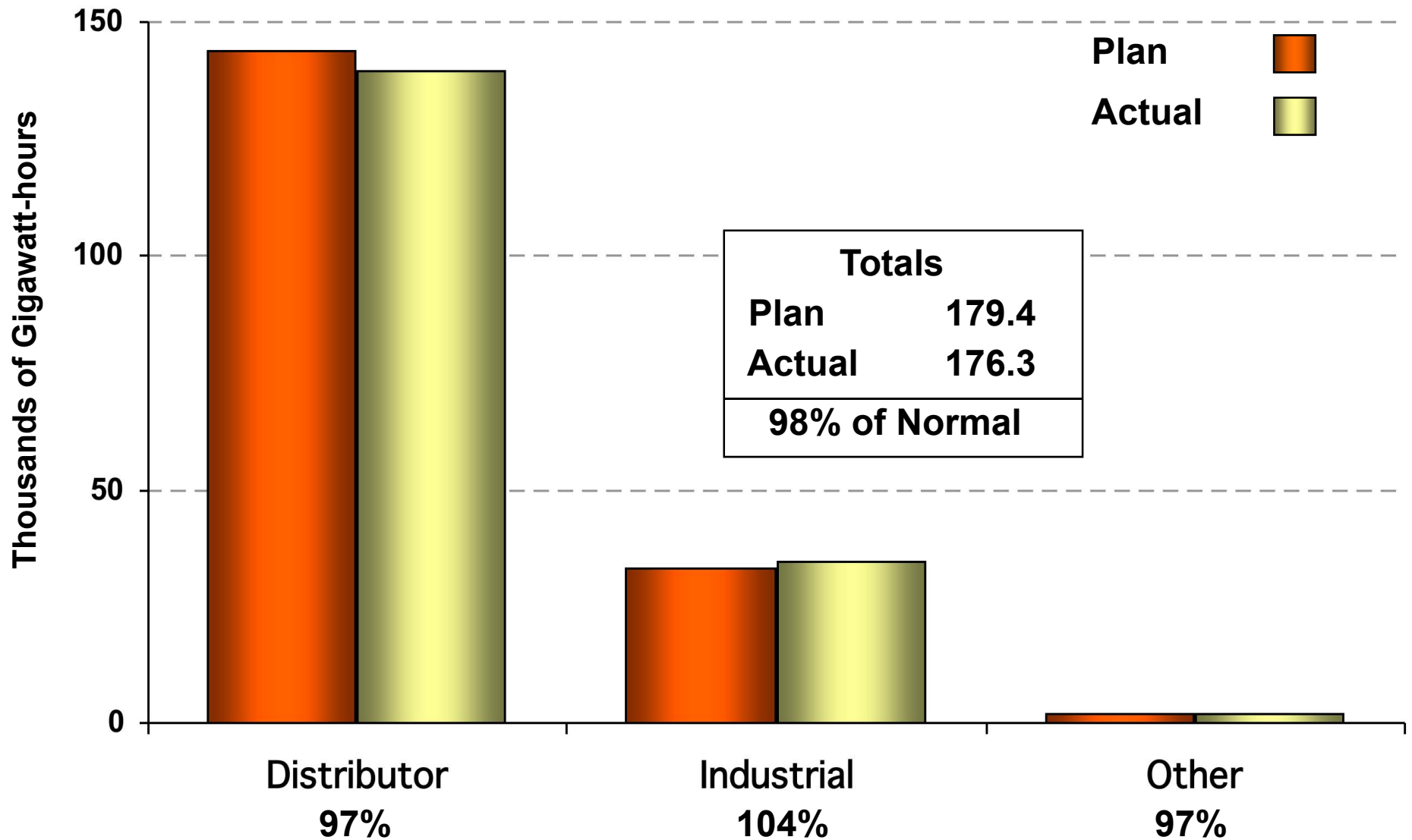
Fiscal Year 2008 Results





Power Sales

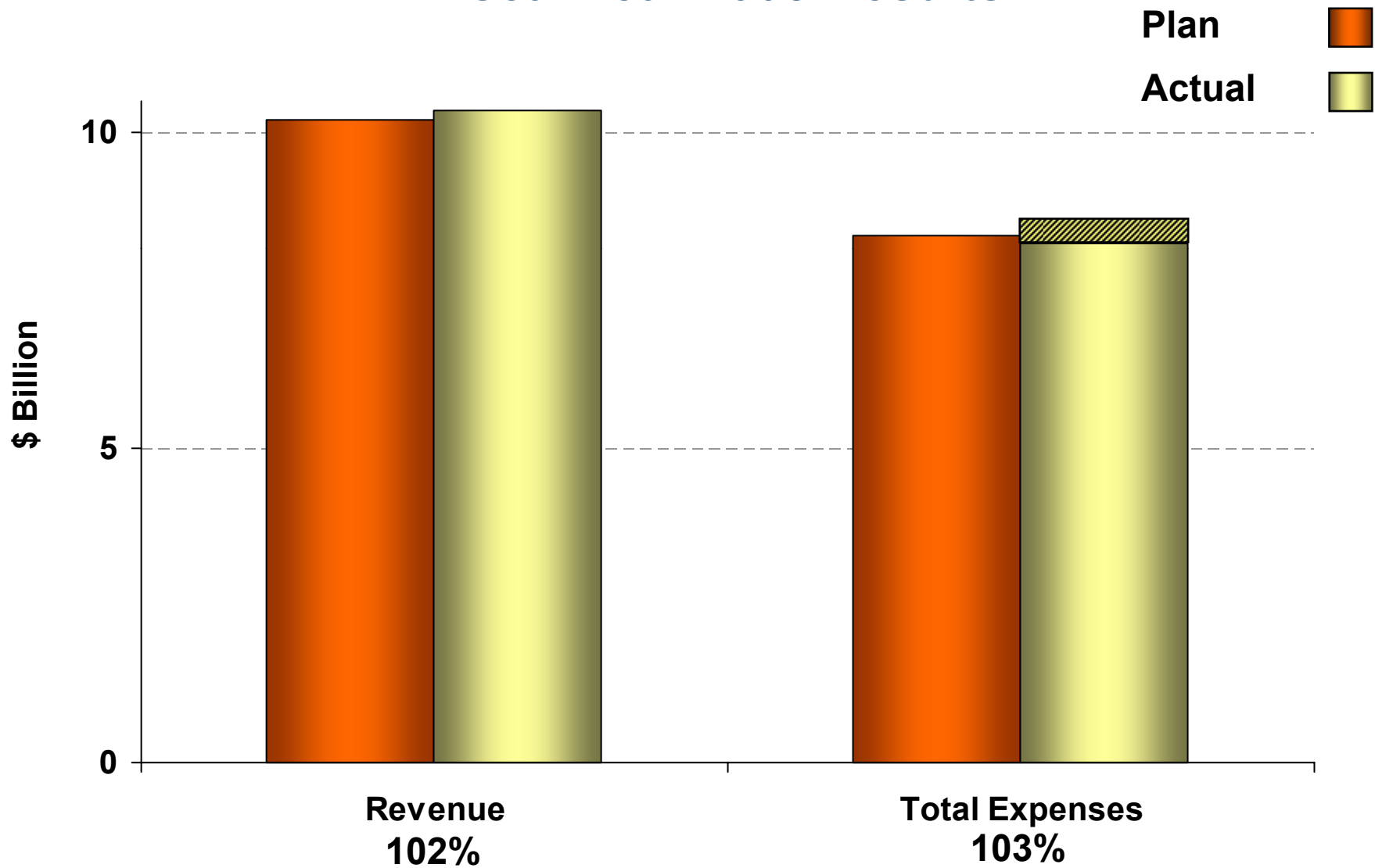
Fiscal Year 2008 Results





Financials

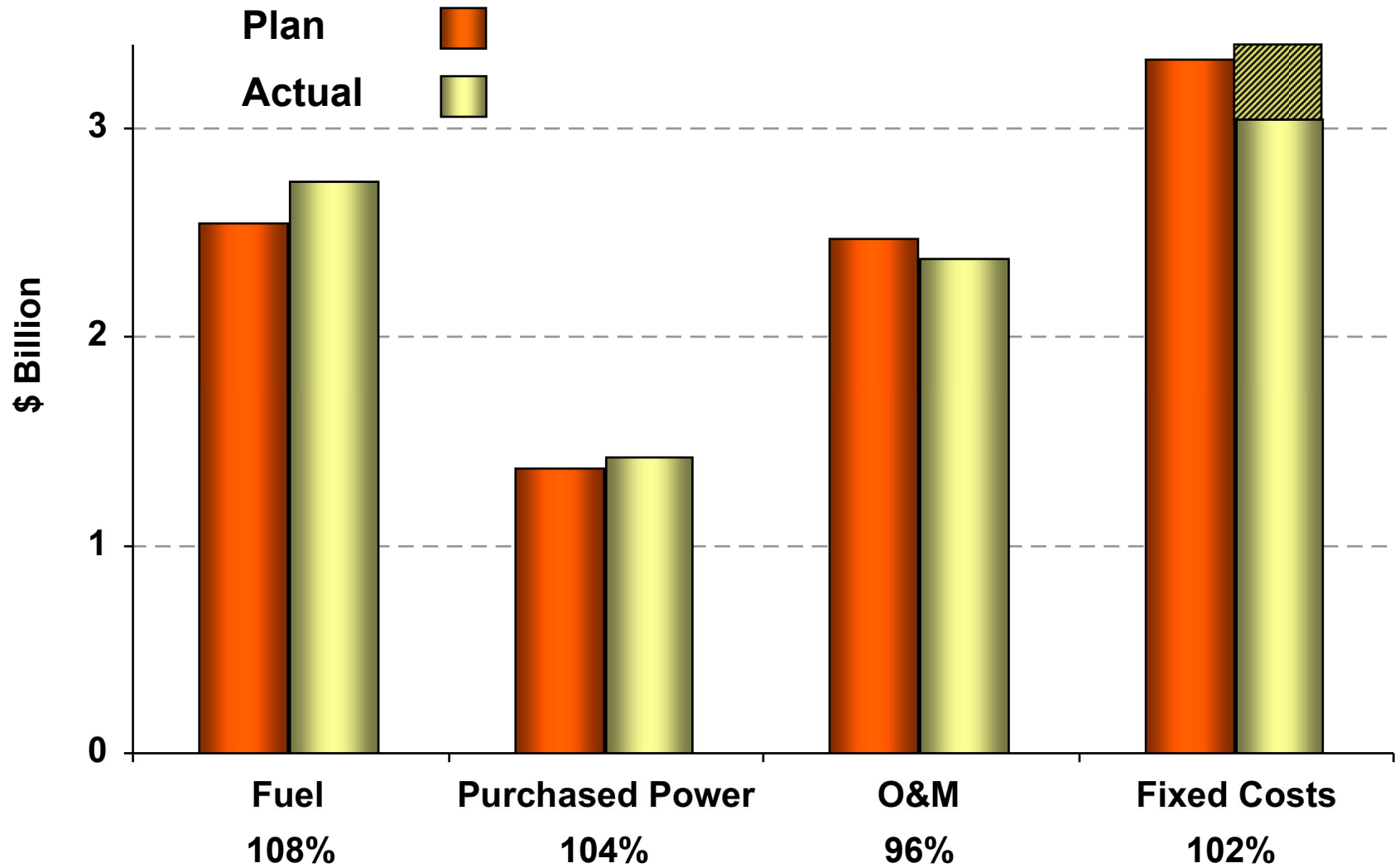
Fiscal Year 2008 Results





Financials

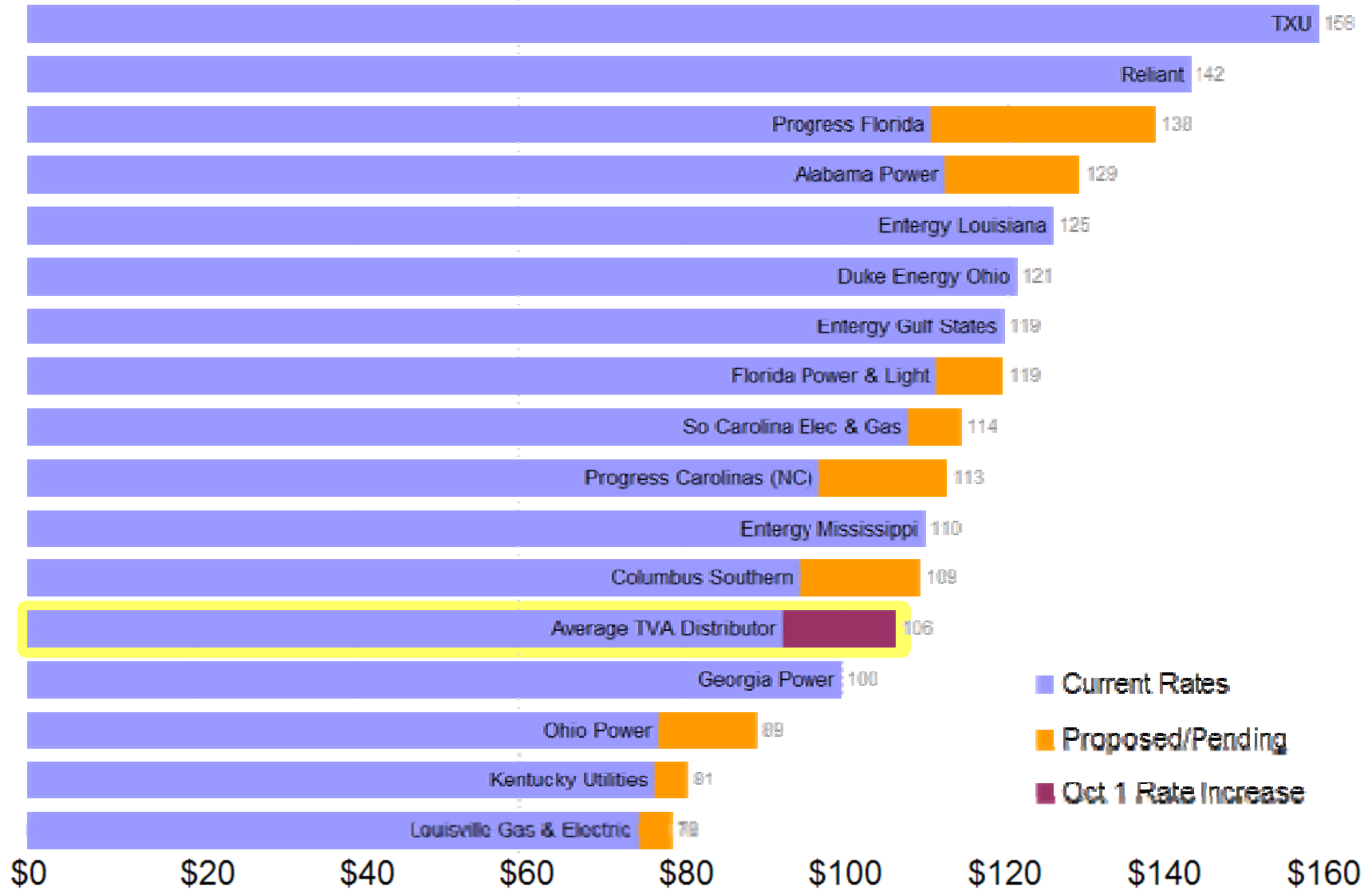
Fiscal Year 2008 Results





Monthly Bill Comparisons

1,000 kWh per Month Residential Service



- Includes customer charges, but excludes taxes
- Annual averages calculated for those with seasonal rates



Market Price Comparisons

