



TVARS

Tennessee Valley Authority
Retirement System

**2025
ANNUAL
REPORT**

Contents

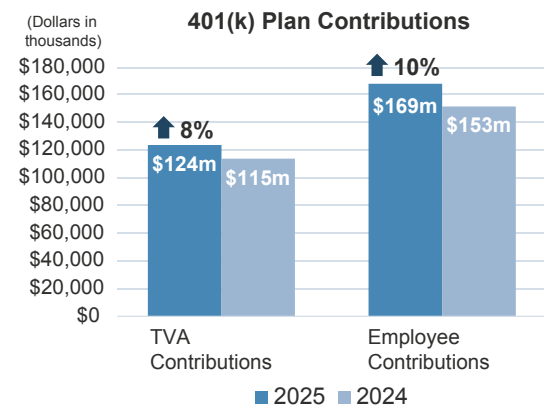
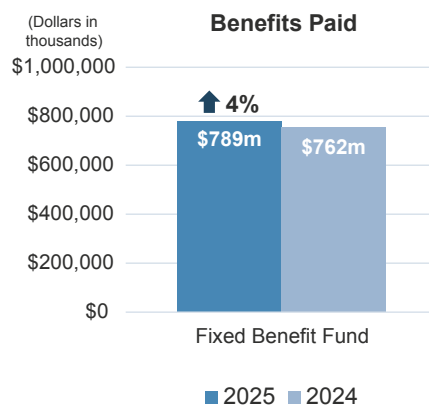
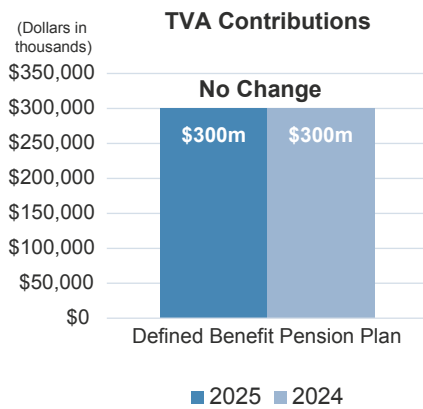
Financial Highlights and Statistics	3
Letter from the Chair	4
Board of Directors	5
Service Providers and Investment Managers	6
Certification of Financial Statements	8
Independent Auditor's Report	9
TVA Retirement System Defined Benefit Pension Plan	
TVA Retirement System Defined Benefit Pension Plan	11
Financial Statements	
Independent Auditor's Report	34
TVA Savings and Deferral Retirement Plan (401(k) Plan)	
TVA Savings and Deferral Retirement Plan (401(k) Plan)	36
Financial Statements	
Contact Information	46



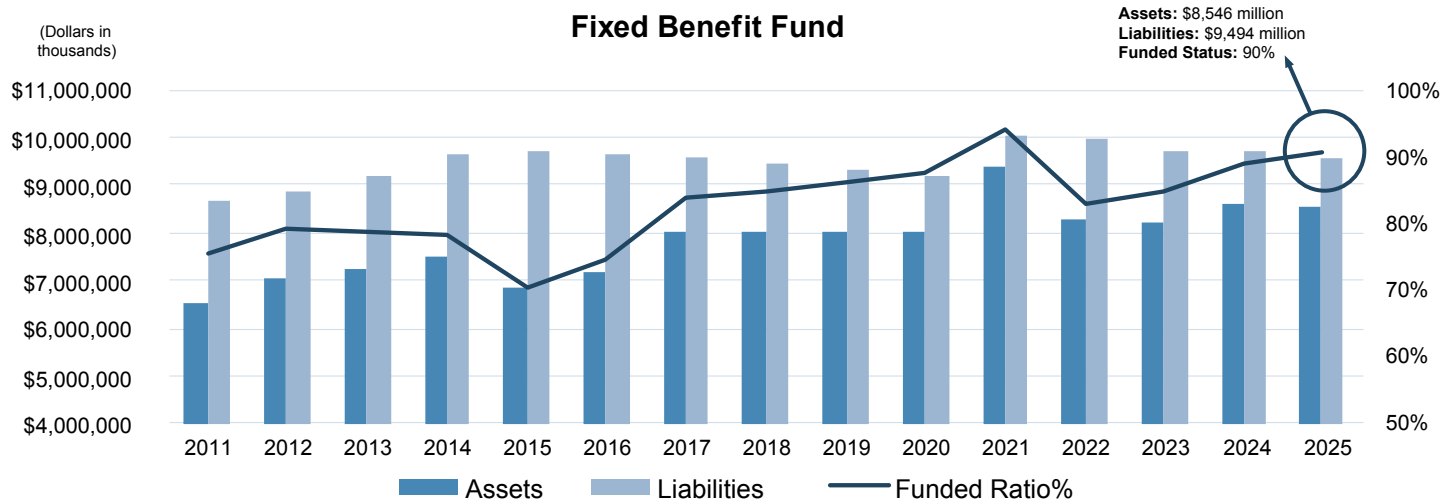
Financial Highlights and Statistics

(Dollars in thousands)

	2025	2024	Change	% Change
Net Assets Available for Benefits				
TVA Retirement System (Fixed Benefit Fund and Variable Fund)	\$ 8,707,564	\$ 8,764,275	\$ (56,711)	-0.6%
TVA Savings & Deferral Retirement Plan (401(k) Plan)	\$ 5,544,413	\$ 4,864,887	\$ 679,526	14.0%
Total	\$ 14,251,977	\$ 13,629,162	\$ 622,815	4.6%
Net Assets Available for Benefits (Fixed Benefit Fund)	\$ 8,545,903	\$ 8,602,421	\$ (56,518)	-0.7%
Actuarial Present Value of Accumulated Plan Benefits (Fixed Benefit Fund)	\$ 9,494,100	\$ 9,609,600	\$ (115,500)	-1.2%



Participants	2025	2024	Change	% Change
Number of Active Members	10,217	10,840	(623)	-5.7%
Number of Retirees & Beneficiaries (Defined Benefit Pension Plan)	21,994	22,068	(74)	-0.3%



To Retirement System Members and Retirees

The Board of Directors of the TVA Retirement System (TVARS or System) is pleased to present the 2025 Annual Report for the System and the TVA Savings and Deferral Retirement Plan (401(k) Plan).

During the fiscal year, TVARS paid \$789 million in benefits to approximately 22,000 retirees and beneficiaries. TVA made \$300 million in contributions. As of September 30, 2025, the assets of the System totaled \$8.5 billion. When compared with liabilities of \$9.5 billion, the System maintained a funded status of 90% at the end of the fiscal year while delivering retirement benefits to retirees and beneficiaries. The System remains in a strong financial position. As of September 30, 2025, the 401(k) Plan had approximately 14,900 participants (10,200 active employees and 4,700 former employees) with assets totaling \$5.5 billion. Employees contributed \$169 million to the 401(k) Plan during 2025, while matching and non-elective contributions from TVA totaled \$124 million.

TVARS has an asset allocation policy strategy that is designed to enhance the System's liquidity position with the objective of reducing total fund volatility as the funded status improves. Consistent with this strategy, the TVARS Board approved an updated asset allocation policy in June 2025. We have been working since then to transition investments to align with the updated policy in a prudent and efficient manner. TVARS investments continue to perform as expected. With the TVARS investment de-risking strategy, the System remains on track to achieve 100% funded status by fiscal year 2036.

With the transition from pension benefits to 401(k) benefits, the TVARS Board and staff are focused on continuing to offer a best-in-class 401(k) Plan. As a result of these efforts, we are pleased to share that TVARS received PLANSPONSOR Magazine's Plan Sponsor of the Year award in the Government Defined Contribution Plan Category at the PLANSPONSOR annual conference in June 2025. This is a great honor, and TVA employees and retirees can feel confident that TVARS is committed to providing quality investment options for all stages of life, and useful plan options and features, including one-on-one financial consultants and a lifetime retirement income election option, all of which can help meet their retirement needs and goals during employment and throughout retirement.

For the Board,



Eric J. Davis

Chair, Board of Directors

TVA Retirement System

TVA Retirement System Board of Directors

Elected by Members



**Michael L.
Belcher**

Elected
November 1, 2018



**Micheal D.
Clement**

Elected
November 1, 2023



**K. Scott
Haulsee**

Elected
December 12, 2024

Appointed by TVA



**Eric J.
Davis**

Appointed
April 1, 2020



**Lori E.
Stenger**

Appointed
November 1, 2024



**Thomas W.
Barnett**

Appointed
December 20, 2024

Selected by Board



**Marilyn G.
Brown**

Selected
November 16, 2020

Post-FY 2025 Updates



**Bryan L.
Johnson**

Elected
November 1, 2025
to fill seat previously
held by K. Scott
Haulsee

Acting Chair

Eric J. Davis

Vice Chair

Eric J. Davis

Audit Committee

Marilyn G. Brown, Chair

Michael L. Belcher

K. Scott Haulsee

Election Committee

Micheal D. Clement, Chair

Marilyn G. Brown

Eric J. Davis

Investment Committee

Eric J. Davis, Chair

Thomas W. Barnett

Michael L. Belcher

Marilyn G. Brown

Micheal D. Clement

K. Scott Haulsee

Lori E. Stenger

Retirement Committee

Michael L. Belcher, Chair

Thomas W. Barnett

Lori E. Stenger

Board Support

Executive Secretary: Mark N. Meigs

Assistant Secretary: Sally R. Weber

Treasurer: Brentley B. Roberts

Assistant Treasurer: Hayley S. Huskey

Service Providers

Actuary

Mercer Human Resource Consulting

Auditors

Crowe LLP

Investment Committee Advisor

Michael Brakebill, Chief Investment Officer

Tennessee Consolidated Retirement System

Investment Consultant - Pension Plan

Wilshire Advisors LLC

Investment Consultant- 401(k) Plan

Mercer Investments LLC

Legal Counsel

W. Colby Carter, Managing Counsel, TVARS

Groom Law Group, Chartered

Master Trustee

The Bank of New York Mellon

401(k) Plan Trustee

Fidelity Management Trust Company

401(k) Plan Recordkeeper

Fidelity Workplace Services LLC

Fixed and Variable Funds Recordkeeper

Fidelity Workplace Services LLC

Cash Balance Pension Plan Recordkeeper

Aon Hewitt

Medical Consultant

ForHealth Consulting



Investment Managers

Fixed Benefit Fund

Adams Street Partners, LLC
Ares Management Corporation
Baillie Gifford Overseas Limited
Blackstone, Inc.
CenterSquare Investment Management, LLC
Dimensional Fund Advisors LP
Fidelity Investments
Franklin Templeton Institutional, LLC
HarbourVest Partners, LLC

Hermes Investment Management Limited
J.P. Morgan Investment Management, Inc.
Kennedy-Wilson Holdings, Inc.
Loomis, Sayles & Company, LP
Los Angeles Capital Management, Inc.
Mellon Investments Corporation
Oaktree Capital Management, LP
Pacific Investment Management Company
Prudential Financial, Inc.

Siguler Guff Advisors, LLC
TCW Asset Management Company
Vedanta Capital, LLC
Wellington Management Company, LLP
Wilshire Advisors LLC
WRH Partners, LLC

Variable Fund

Fidelity Investments

Mellon Investments Corporation

401(k) Plan

BlackRock Institutional Trust Company, NA
Dimensional Fund Advisors LP
Fidelity Investments

Harding Loevner, LP
Loomis, Sayles & Company, LP
T. Rowe Price Group, Inc.

The Vanguard Group, Inc.
William Blair & Company, LLC

Certification of Financial Statements

I, Mark N. Meigs, individually certify that:

1. I have reviewed the Financial Statements of the Tennessee Valley Authority Retirement System.
2. Based on my knowledge, the information in the Financial Statements does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by the Financial Statements.
3. Based on my knowledge, the Financial Statements and other financial information included in the Annual Report fairly present in all material respects the financial condition and results of operations of the Tennessee Valley Authority Retirement System as of, and for, the periods presented in the Financial Statements.
4. I am responsible for establishing and maintaining disclosure controls and procedures for the Tennessee Valley Authority Retirement System and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Tennessee Valley Authority Retirement System is made known to me by others, particularly during the period in which these Financial Statements are being prepared; and
 - b. evaluated the effectiveness of the Tennessee Valley Authority Retirement System's disclosure controls and procedures as of a date within 90 days prior to the date of the Financial Statements.
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Tennessee Valley Authority Retirement System's auditors:
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Tennessee Valley Authority Retirement System's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Tennessee Valley Authority Retirement System's internal control over financial reporting.

April 28, 2026



Mark N. Meigs
Executive Secretary

INDEPENDENT AUDITOR'S REPORT

Members and Administrator of
Tennessee Valley Authority Retirement System
Knoxville, Tennessee

Opinion

We have audited the financial statements of Tennessee Valley Authority Retirement System (Plan or Defined Benefit Pension Plan), which comprise the statements of net assets available for benefits as of September 30, 2025 and 2024, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of September 30, 2025 and 2024, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with GAAS, we:

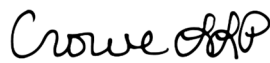
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the financial highlights and statistics, letter from the chair, listing of board of directors and committees, listing of service providers, listing of investment managers, the certification of financial statements, and contact information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Crowe LLP

Oakbrook Terrace, Illinois
April 28, 2026

Tennessee Valley Authority Retirement System
Defined Benefit Pension Plan
Statements of Net Assets Available for Benefits

September 30, 2025 and 2024
(Dollars in thousands)

	2025	2024
Assets		
Investments at fair value	\$ 8,958,985	\$ 9,046,761
Receivables		
Due from broker	40,329	86,099
Interest and dividends	22,530	31,702
Foreign currency forward receivable	81	14
Other	151	171
Total receivables	<u>63,091</u>	<u>117,986</u>
Total assets	<u>9,022,076</u>	<u>9,164,747</u>
Liabilities		
Due to broker	161,678	154,076
Derivatives	395	3,647
Investment fees payable	8,568	5,606
Other	1,112	1,992
Disbursements payable	260	451
Foreign currency forward payable	201	55
Liabilities to brokers for securities lending (see Note 4)	<u>142,298</u>	<u>234,645</u>
Total liabilities	<u>314,512</u>	<u>400,472</u>
Net Assets Available for Benefits	<u>\$ 8,707,564</u>	<u>\$ 8,764,275</u>

The accompanying notes are an integral part of the financial statements.

Tennessee Valley Authority Retirement System
Defined Benefit Pension Plan
Statements of Changes in Net Assets Available for Benefits

Fiscal Years Ended September 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Investment Income		
Net appreciation (depreciation) in fair value of investments	\$ 318,203	\$ 748,466
Interest	109,056	124,204
Dividends	60,164	60,579
	<u>487,423</u>	933,249
Less investment expenses	(27,720)	(29,653)
Total investment income (loss)	<u>459,703</u>	903,596
Contributions		
TVA	300,000	300,000
Members	3,382	4,016
Transfers from 401(k) Plan	5,016	3,744
Total contributions	<u>308,398</u>	307,760
Total increase (decrease)	<u>768,101</u>	1,211,356
Deductions		
Benefits paid - Fixed Benefit Fund	(788,632)	(762,337)
Benefits paid - Variable Fund	(13,889)	(14,760)
Transfers to 401(k) Plan	(15,111)	(6,672)
Administrative expenses	(7,180)	(6,618)
Total deductions	<u>(824,812)</u>	(790,387)
Net increase (decrease)	<u>(56,711)</u>	420,969
Net Assets Available for Benefits		
Beginning of year	8,764,275	8,343,306
End of year	<u>\$ 8,707,564</u>	<u>\$ 8,764,275</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

September 30, 2025 and 2024

Note 1

PLAN DESCRIPTION

General

The Tennessee Valley Authority Retirement System (TVARS or System) was established by the Tennessee Valley Authority (TVA) in 1939 to provide retirement benefits for TVA employees. When TVA established the System, it also approved the Rules and Regulations of the TVA Retirement System (TVARS Rules), which constitute the legal charter under which the System operates and provide a defined benefit pension plan (Plan), which is administered by TVARS for TVA employees who are members of the System and eligible to participate in the Plan. TVARS is a separate legal entity from TVA and is governed by an independent, seven-member Board of Directors (TVARS Board). Three of the directors are appointed by TVA, three are elected by and from the membership, and the seventh director, who is a TVA retiree, is selected by the other six.

A brief description of the Plan is provided below for general information purposes only. Members and retirees may refer to the TVARS Rules for more information. *This description is intended to help TVARS members and stakeholders understand the System and the benefits under the Plan. The TVARS Rules, not this information, are used to determine the benefits to which a member is entitled.*

Plan Benefits

The Plan covers most full-time and part-time TVA annual employees first hired prior to July 1, 2014 (participants); however, TVA board members, and TVA employees with prior federal service who retain membership in the Civil Service or Federal Employees Retirement Systems, are excluded from participation in the Plan. As a retirement plan for employees of a federal agency, the Plan is a governmental plan under section 414(d) of the Internal Revenue Code and is not subject to the Employee Retirement Income Security Act (ERISA), which governs the retirement plans of private entities. Under the Plan, the benefits for which participants are eligible are subject to a vesting requirement of five years of service and varies based on the participant's hire date, years of service, and individual elections as follows:

- Participants who were first hired prior to January 1, 1996, receive a traditional pension benefit calculated based on the participant's creditable service, the participant's average monthly salary for the highest three consecutive years of eligible compensation, and a pension factor based on the participant's age and years of service, less a Social Security offset.
- Participants who were first hired prior to January 1, 1996, and who elected to switch pension structures from the traditional to the cash balance, receive a cash balance pension benefit calculated based on pay-based credits and interest that accrue over time in the participant's account and the participant's age at the time of retirement. The monthly pay credits are equal to 6 percent of eligible compensation and monthly interest is credited at an annual interest rate equal to the change in the 12-month average of the Consumer Price Index for All Urban Consumers (CPI-U) plus 3 percent (with a minimum of 6 percent and maximum of 10 percent).
- Participants who were first hired on or after January 1, 1996, and who had 10 or more years of service as of October 1, 2016, receive a cash balance pension benefit calculated based on pay-based credits and interest that accrue over time in the participant's account and the participant's age at the time of retirement. The monthly pay credits are equal to 3 percent of eligible compensation and monthly interest is credited at an annual interest rate equal to the change in the 12-month average of the CPI-U plus 2 percent (with a current minimum of 4.75 percent and maximum of 6.25 percent based on a formula in the TVARS Rules).

- Participants who were first hired on or after January 1, 1996, and who had less than 10 years of service as of October 1, 2016, receive a cash balance pension benefit calculated based on pay-based credits and interest that accrue over time in the participant's account and the participant's age at the time of retirement. As of October 1, 2016, the cash balance accounts of these participants receive no additional pay-based credits; however, the accounts continue to receive monthly interest credits at an annual interest rate equal to the change in the 12-month average of the CPI-U plus 2 percent (with a current minimum of 4.75 percent and maximum of 6.25 percent based on a formula in the TVARS Rules).
- Employees who elected to waive their cash balance pension benefit and transfer their cash balance account to the 401(k) Plan effective October 1, 2018, are no longer eligible for retirement benefits under the Plan.
- Employees who are first hired on or after July 1, 2014 (or who are rehired and were either previously not vested in the Plan or cashed out their Plan benefit) are not eligible for retirement benefits under the Plan.

Benefit Distributions

Upon retirement or termination of employment, in the event participants meet the vesting requirement of five years of service, the participants are eligible for an immediate benefit under the Plan in the form of a pension, a deferred pension, or for the cash balance benefit, a lump-sum distribution that may be rolled over to another qualified retirement account. At retirement or termination of employment, participants may elect to take the maximum monthly pension during the participant's lifetime, with nothing payable after death, or to take a reduced amount and provide an on-going pension benefit for a designated survivor beneficiary. Each of the various survivor options is the actuarial equivalent of the maximum monthly pension.

Other Benefits

Except for those participants who were first hired on or after January 1, 1996, and who have less than 10 years of service as of October 1, 2016, participants are eligible for certain benefits as set forth under the TVARS Rules in the event of death or disability during employment.

Upon retirement or termination of employment, in the event the participant is age 55 with at least 10 years of service (or age 50 with at least 10 years of service if terminated due to involuntary reduction-in-force), and the participant will receive a monthly pension benefit, the participant will be eligible for a supplemental benefit that may be used to help with the cost of retiree medical insurance, although it is not required to be used to pay for medical insurance.

Eligible retirees and beneficiaries will receive cost-of-living adjustments (COLAs) on the pension and supplemental benefits as determined in accordance with the TVARS Rules. The calculation of the COLA is based on the increase in the 12-month average of the CPI-U (when the CPI-U exceeds by as much as 1 percent the CPI-U average for the prior year for which an adjustment was made) minus 0.25 percent, with a 6.00 percent cap in any one year. Based on the above calculation, the COLA was 2.77 percent in calendar year 2025 and 4.44 percent in calendar year 2024.

Note 2

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Benefits are recognized at the time of payment.

Custody Relationships

The Bank of New York Mellon (BNY Mellon) serves as the Master Trustee (Trustee) and Custodian (Custodian) of the Plan and accounts for the entire portfolio. The Plan has certain commingled fund investments where the investment advisor has contracted the custodial services to a financial institution other than BNY Mellon.

The holdings for private credit and equity funds are investments in limited partnerships and are not held at a custody bank. The private credit investments comprise 13.6 percent of Net Assets Available for Benefits in 2025 and 12.9 percent in 2024. The private equity funds comprise 14.5 percent of the Net Assets Available for Benefits in 2025 and 17.4 percent in 2024. The holdings for the private real asset investments are investments in commercial real estate and energy infrastructure, and also are not held at a custody bank. The private real asset investments comprise 13.7 percent of the Net Assets Available for Benefits in 2025 and 12.8 percent in 2024.

Investment Valuation and Income Recognition

The Plan's investments and derivative instruments are reported at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Fair value is viewed as the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or the liability. There is a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets in active markets that the Plan has the ability to access at the measurement date.

Level 2 Inputs: Significant observable inputs other than Level 1 such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data such as matrix pricing, yield curves, and indices.

Level 3 Inputs: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair value of investments apply to investments held directly by the Plan. Third-party pricing vendors provide valuations for investments held by the Plan in most instances, except for commingled, private credit, private equity, and private real asset funds which are priced at net asset values established by the

investment managers. In instances where pricing is determined to be based on unobservable inputs, a Level 3 classification has been assigned.

Common stock, Registered investment companies, Master limited partnerships, and Preferred securities: Investments, including common stock, registered investment companies, master limited partnerships, and preferred securities listed on either a national or foreign securities exchange or traded in the over-the-counter National Market System, are generally valued each business day at the official closing price (typically the last reported sale price) on the exchange on which the security is primarily traded and are classified as Level 1. Preferred securities classified as Level 2 may have been priced by dealer quote or using assumptions based on observable market data.

Corporate debt securities: Corporate bonds are valued based upon recent bid prices or the average of recent bid and asked prices when available (Level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the security's relationship to other benchmark quoted securities (Level 2 inputs).

Mortgage and asset-backed securities: Residential mortgage-backed securities consist of collateralized mortgage obligations (CMOs) and U.S. pass-through security pools related to government-sponsored enterprises (GSEs). CMO pricing is typically based on either a volatility-driven, multidimensional, single-cash-flow stream model or an option-adjusted spread model. These models incorporate available market data such as trade information, dealer quotes, market color, spreads, bids, and offers. Pricing for GSE securities, including the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Government National Mortgage Association, is typically based on quotes from the To Be Announced (TBA) market, which is highly liquid with multiple electronic platforms that facilitate the execution of trading between investors and broker/dealers. Prices from the TBA market are then compared against other live data feeds as well as input obtained directly from the dealer community. Most residential mortgage-backed securities are considered to be priced using Level 2 inputs because of the nature of their market-data-based pricing models.

Commercial mortgage-backed and asset-backed securities are typically priced based on single-cash-flow stream models, which incorporate available market data such as trade information, dealer quotes, market color, spreads, bids, and offers. Because of the market-data-based nature of such pricing models, commercial mortgage-backed and asset-backed securities are classified as Level 2.

Government debt securities: For U.S. Treasury securities, fair values reflect the closing price reported in the active market in which the security is traded (Level 1 inputs). Agency securities are typically priced using evaluated pricing applications and models incorporating U.S. Treasury yield curves. Agency securities are classified as Level 2 because of the nature of their market-data-based pricing models.

Debt securities issued by state and local governments are typically priced using market-data-based pricing models, and are therefore classified as Level 2. These pricing models incorporate market data such as quotes, trading levels, spread relationships, and yield curves, as applicable.

Foreign government bonds and foreign government inflation-linked securities are typically priced based on proprietary discounted cash flow models, incorporating option-adjusted spread features as appropriate. Debt securities issued by foreign governments are classified as Level 2 because of the nature of their market-data-based pricing models.

Commingled funds: The Plan invests in commingled funds, which are classified by general type as common-collective trusts, a registered investment company, and a limited partnership. The Plan's ownership consists of a pro rata share and not a direct ownership of an underlying investment. These funds are valued at their closing net asset values (or unit value) per share as reported by the managers of the funds and as supported by the unit prices of actual purchases and sale transactions occurring as of

or close to the financial statement date. The investment strategies of these funds are summarized as follows.

The Plan is invested in equity common-collective trusts, which can be categorized as either passively managed index funds or actively managed funds. The equity index funds seek to track the performance of a particular index by replicating its capitalization and characteristics. Passive fund benchmark indices include the Russell 1000 index, the S&P 500 index, and the Morgan Stanley Capital International All Country World Index ex-U.S. The actively managed equity funds seek to outperform certain equity benchmarks through a combination of fundamental and technical analysis. Active funds select portfolio positions based upon their research.

The Plan is invested in a debt registered investment company, a debt limited partnership, and debt common-collective trusts, which can be categorized as either passively managed index funds or actively managed funds. A debt index fund seeks to track the performance of a particular index by replicating its capitalization and characteristics. The passive fund benchmark is the Bloomberg Barclays Capital U.S. Treasury Inflation-Protected Securities index. The actively managed debt funds seek to outperform certain fixed-income benchmarks through fundamental research and analysis. The funds invest in a diversified portfolio of fixed income securities and derivatives of varying maturities. Varying by strategy, fund objectives include achieving a positive relative total return through active credit selection and providing risk management through desired strategic exposures.

The Plan's investments in equity and debt funds can generally be redeemed upon notification of the investment managers, with required notice periods varying from same-day to monthly. These investments do not have unfunded commitments.

Cash equivalents and other short-term investments and Certificates of deposit: Cash equivalents and other short-term investments are highly liquid securities with a maturity of less than three months and 12 months, respectively. These consist primarily of discount securities such as commercial paper, repurchase agreements, U.S. Treasury bills, and certain agency securities. These securities, as well as certificates of deposit, may be priced at cost, which approximates fair value due to the short-term nature of the instruments. Model based pricing which incorporates observable inputs may also be utilized. These securities are classified as Level 2. Active market pricing may be utilized for U.S. Treasury bills, which are classified as Level 1.

Private credit funds: Private credit limited partnerships are reported at net asset values provided by the fund managers.

The private credit limited partnerships invest across direct lending, opportunistic credit and distressed debt strategies. The limited partnerships generally make investments of senior secured first-lien loans, second-lien secured loans, asset-based loans, unitranche loans and distressed debt opportunities to middle market private companies. The limited partnerships generally seek to obtain financial returns through high income potential and occasional equity upside. The restricted limited partnerships generally have a term life of five to eight years and are diversified by sector and industry.

The private credit redemption provisions vary by fund and are detailed below:

Private Credit Investment Restrictions

<i>(Dollars in thousands)</i>	2025	2024
	Fair Market Value	Fair Market Value
Restricted - No withdrawals until partnership termination	\$ 645,114	\$ 661,733
Withdrawals permitted under prescribed guidelines	\$ 535,620	\$ 473,021

The restricted partnerships are also generally subject to various extension periods at the discretion of the General Partners. The contractual maturities of private credit funds held in 2025 range from January 2027 to January 2030 before any extensions are applied.

Private equity funds: Private equity limited partnerships are reported at net asset values provided by the fund managers.

The private equity limited partnerships typically make longer-term investments in private companies and seek to obtain financial returns through long-term appreciation based on corporate stewardship, improved operating processes, and financial restructuring, which may involve a merger or acquisition. Significant investment strategies include venture capital; buyout; mezzanine, or subordinated debt; restructuring, or distressed debt; and special situations. Venture capital partnerships consist of two main groupings. Early-stage venture capital partnerships invest in businesses still in the conceptual stage where products may not be fully developed and where revenues and/or profits may be several years away. Later-stage venture capital partnerships invest in more mature companies in need of growth or expansion capital. Buyout partnerships provide the equity capital for acquisition transactions either from a private seller or the public, which may represent the purchase of the entire company or a refinancing or recapitalization transaction where equity is invested. Mezzanine or subordinated debt partnerships provide the intermediate capital between equity and senior debt in a buyout or refinancing transaction and typically own a security in the company that carries current interest payments as well as a potential equity interest in the company. Restructuring or distressed debt partnerships purchase opportunities generated by overleveraged or poorly managed companies. Special situation partnerships include organizations with a specific industry focus not covered by the other private equity subclasses or unique opportunities that fall outside the regular subclasses.

The private equity funds have no investment withdrawal provisions prior to the termination of the partnership. The restricted investments of the private equity funds amounted to \$1.3 billion and \$1.5 billion as of September 30, 2025 and 2024, respectively. Partnerships generally continue 10 to 14 years after the inception of the fund. The partnerships are also generally subject to various extension periods at the discretion of the General Partner. The contractual maturities of private equity funds held in 2025 range from December 2025 to March 2032 before any additional extensions are applied. Partnerships can generally be dissolved by an 80 percent vote in interest by all limited partners, with some funds requiring the occurrence of a specific event.

Private real asset investments: Private real asset investments are reported at net asset values provided by the fund managers.

Real assets capitalize inflation in their returns over time to provide a hedge against inflation. The private real asset investments include real estate, oil and gas partnerships, and infrastructure. The Plan's ownership in private real asset investments consists of a pro rata share and not a direct ownership of the underlying investments.

The Plan is invested in two commingled funds that develop, renovate, and re-lease real estate properties to create value. Investments are predominantly in top-tier real estate markets that offer deep liquidity. Property types include residential, office, industrial, hotel, retail, and land. Properties are diversified by geographic region within the U.S. domestic market. The Plan is invested in another commingled fund that invests primarily in core, well-leased, operating real estate properties with a focus on income generation. Investments are diversified by property type with a focus on office, industrial, apartment, and retail. Properties are diversified within the U.S. with an overweight to major market and coastal regions.

The Plan is invested in limited partnerships that invest in real estate securities, real estate partnerships, and direct real estate properties. This includes investments in office, multifamily, industrial, and retail investment properties in the U.S. and international markets. The investment strategy focuses on distressed, opportunistic, and value-added opportunities. Partnership investments also include mortgage and/or real estate-related fixed-income instruments and related securities. Investments are diversified by property type and geographic location.

The Plan is invested in energy infrastructure partnerships which acquire essential, long-lived real assets in three main groupings. Upstream assets include oil and gas exploration, drilling, and acquisition. Midstream assets include storage, pipelines, gathering, processing, and transportation of energy commodities. Downstream assets include generation, distribution, and transmission facilities. Additionally, the Plan is invested in infrastructure partnerships that target mid-sized operating infrastructure companies and/or assets with limited development and construction risk primarily in the energy, transportation and logistics, environmental, telecommunications, and social industries.

The redemption provisions vary by fund and are detailed below:

Private Real Asset Investment Restrictions

<i>(Dollars in thousands)</i>	2025	2024
	Fair Market Value	Fair Market Value
Withdrawals available quarterly	\$ 419,145	\$ 409,155
Restricted - No withdrawals until partnership termination	\$ 777,620	\$ 711,770
Sale of shares permitted under prescribed guidelines	\$ -	\$ 2,782

The contractual maturities of private real asset investments held in 2025 range from September 2025 to December 2035, before any extensions are applied.

Securities lending collateral: Collateral held under securities lending arrangements is held in a separately managed account which invests in various short-term investments, such as repurchase agreements. Repurchase agreements and other short-term investments are often priced at cost, which approximates fair value due to the short-term nature of the instruments. These investments are classified as Level 2.

Derivatives: The Plan invests in a variety of derivative instruments. The valuation methodologies for these instruments are as follows:

Futures: The Plan enters into futures. The futures contracts are listed on either a national or foreign securities exchange and generally valued each business day at the official closing price (typically the last reported sales price) on the exchange on which the security is primarily traded. Since futures are priced by an exchange in an active market, they are classified as Level 1.

Options: The Plan enters into purchased and written options. Options that are listed on either a national or foreign securities exchange are generally valued each business day at the official closing price (typically the last reported sales price) on the exchange on which the security is primarily traded. These options are classified as Level 1. Options traded over the counter and not on exchanges are priced by third-party vendors and are classified as Level 2.

Swaps: The Plan enters into various types of swaps. Credit default swaps are priced at market using models that consider cash flows, credit curves, recovery rates, and other factors. The pricing is performed by third-party vendors. Interest rate swap contracts are priced at market using forward rates derived from the swap curve, and the pricing is also performed by third-party vendors. Other swaps such as total return swaps and inflation swaps are priced by third-party vendors using market inputs such as spot rates, yield curves, and volatility. The Plan's swaps are generally classified as Level 2 based on the observable nature of their pricing inputs.

Foreign currency forwards: The Plan enters into foreign currency forwards. All commitments are marked to market daily at the applicable translation rates, and any resulting unrealized gains or losses are recorded. Foreign currency forwards are priced by third-party vendors and are classified as Level 2.

See Note 3 for additional information regarding derivative financial instruments.

Securities sold under agreements to repurchase: The Plan enters into contracts to sell securities to a counterparty at a specified price with an agreement to purchase the same or substantially the same security from the same counterparty at a fixed or determinable price at a future date. Securities sold under agreements to repurchase are presented at their contract price which approximates fair value due to their short-term nature. These securities are classified as Level 2. In connection with sales of securities under agreements to repurchase, the counterparties require the Plan to maintain collateral securities with a fair value that approximates or exceeds the contract amount of the repurchase agreement. These securities are held in government inflation-linked bonds and classified as government debt securities.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TVARS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments and derivative instruments measured at fair value on a recurring basis are summarized on the following tables.

Assets and Liabilities at Fair Value

Investments and derivative instruments measured at fair value on a recurring basis at September 30, 2025, are summarized below:

Fair Value Measurements at September 30, 2025, Using

(dollars in thousands)	Total	Quoted Prices		
		in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments				
Common stock	\$ 679,135	\$ 678,402	\$ -	\$ 733
Registered investment companies	242,344	242,344	-	-
Master limited partnerships	50,025	50,025	-	-
Preferred securities	343	-	317	26
Corporate debt securities	768,188	-	767,608	580
Mortgage and asset-backed securities	530,203	-	526,652	3,551
Government debt securities	469,028	433,332	35,696	-
Commingled funds measured at net asset value ^(a)				
Common-collective trusts	1,438,025			
Registered investment companies	634,846			
Limited partnership	170,554			
Cash equivalents and other short-term investments	185,183	9,805	175,378	-
Private credit fund measured at net asset value ^(a)	1,180,734			
Private equity funds measured at net asset value ^(a)	1,261,409			
Private real asset investments measured at net asset value ^(a)	1,196,765			
Securities lending collateral	142,298	-	142,298	-
Derivatives				
Futures	2,753	2,753	-	-
Options	1	-	1	-
Swaps	7,151	-	7,151	-
Investments at fair value	\$ 8,958,985	\$ 1,416,661	\$ 1,655,101	\$ 4,890
Foreign currency forward receivable	81	-	81	-
Total Investments and Foreign Currency Forward Receivable at Fair Value	\$ 8,959,066	\$ 1,416,661	\$ 1,655,182	\$ 4,890
Liabilities				
Derivatives				
Futures	\$ 123	\$ 123	\$ -	\$ -
Options	56	27	29	-
Swaps	216	-	216	-
Foreign currency forward payable	201	-	201	-
Total Liabilities at Fair Value	\$ 596	\$ 150	\$ 446	\$ -

^(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

Assets and Liabilities at Fair Value

Investments and derivative instruments measured at fair value on a recurring basis at September 30, 2024, are summarized below:

	Fair Value Measurements at September 30, 2024, Using			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<i>(dollars in thousands)</i>				
Investments				
Common stock	\$ 603,648	\$ 602,597	\$ -	\$ 1,051
Registered investment companies	235,898	235,898	-	-
Master limited partnerships	65,511	65,511	-	-
Preferred securities	2,688	102	2,002	584
Corporate debt securities	1,121,995	-	1,120,149	1,846
Mortgage and asset-backed securities	568,451	-	564,628	3,823
Government debt securities	590,829	543,206	47,623	-
Commingled funds measured at net asset value(a)				
Common-collective trusts	1,243,709			
Registered investment companies	342,857			
Cash equivalents and other short-term investments	251,055	5,470	245,585	-
Private credit fund measured at net asset value(a)	1,134,754			
Private equity funds measured at net asset value(a)	1,520,626			
Private real asset investments measured at net asset value(a)	1,123,707			
Securities lending collateral	234,645	-	234,645	-
Derivatives				
Futures	373	373	-	-
Options	29	29	-	-
Swaps	5,986	-	5,986	-
Investments at fair value	\$ 9,046,761	\$ 1,453,186	\$ 2,220,618	\$ 7,304
Foreign currency forward receivable	14	-	14	-
Total Investments and Foreign Currency Forward Receivable at Fair Value	\$ 9,046,775	\$ 1,453,186	\$ 2,220,632	\$ 7,304
Liabilities				
Derivatives				
Futures	\$ 584	\$ 584	\$ -	\$ -
Options	311	282	-	29
Swaps	2,752	-	2,752	-
Foreign currency forward payable	55	-	55	-
Total Liabilities at Fair Value	\$ 3,702	\$ 866	\$ 2,807	\$ 29

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

Summary of Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Transactions

The table below presents transfers in and out and purchases of System investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2025 and 2024.

(Dollars in thousands)	2025		2024	
	Transfers in and/or out of		Transfers in and/or out of	
	Level 3	Purchases	Level 3	Purchases
Mortgage and asset-backed securities	\$ 836	\$ 1,957	\$ (1,625)	\$ 3,139
Corporate debt securities	-	934	-	968
Preferred securities	-	552	-	-
Common stock	(563)	5,019	-	99
Swaps - assets	-	-	-	68
Options - liabilities	-	-	-	(29)
	\$ 273	\$ 8,462	\$ (1,625)	\$ 4,245

Asset Allocation

Over the long-term, asset allocation is expected to be the single greatest contributor of risk and return to the Plan's investments. The asset allocation policy embodies the TVARS Board's decisions about what proportions of the Plan's assets will be invested in various asset classes. The policy is based on an asset-liability analysis conducted regularly by the investment consultant and the Plan's actuaries, and the return objectives, risk tolerance, and liquidity needs of the Plan.

In June 2025, based on current market conditions and updated capital market assumptions, the asset allocation policy was modified to progress towards the goal of reducing risk and volatility in the Plan's investment portfolio. The Plan's investments will be reallocated in a prudent manner over time to move toward the new asset allocation targets.

The asset allocation policy is identified by strategic target weights to each of the major asset classes. In addition, minimum and maximum allocations are provided to serve as guidelines for the range of the asset classes. The asset classes may fluctuate within the bands established by the minimum and maximum allocation ranges before the System's investment staff considers reallocating from one asset class to another.

Target allocations for the investment of the Plan's assets are as follows:

Asset Category	Target Allocation Effective 6/2025	Asset Category	Target Allocation Effective 9/2023
Fixed income	67.5%	Growth assets	17.0%
Equity	20.0%	Defensive growth assets	30.0%
Real assets	12.5%	Defensive assets	33.0%
Total	100.0%	Inflation-sensitive assets	20.0%
		Total	100.0%

Risks and Uncertainties

The Plan invests in securities and derivative instruments which are exposed to various risks such as interest rate, market, liquidity, and credit risks, as well as risks associated with global events. Due to the level of risk associated with certain investments and the sensitivity of certain fair value estimates to changes in valuation, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits and members' individual account balances.

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption

processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

Tax Status

The Internal Revenue Service (IRS) determined and informed TVARS in August 2014 that the TVARS Rules are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Since the receipt of the latest IRS determination letter, the IRS has ended the 5-year determination letter cycle program for individually designed plans. Accordingly, beginning in 2019, TVARS has engaged the Groom Law Group (Groom) to provide periodic plan document review and compliance services where Groom will review the Plan and any amendments subsequent to the previous IRS determination letter or plan document review and provide an opinion intended to confirm the Plan's continued satisfaction of the IRS document requirements applicable to the Plan. In April 2020, Groom provided TVARS a favorable opinion letter on the design of the Plan and the TVARS Rules. Based on this opinion from Groom, ongoing review of amendments by Groom, and the opinion of TVARS legal counsel, TVARS management believes that the Plan and the TVARS Rules are currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require TVARS management to evaluate tax positions taken by the Plan. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized upon examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

TVARS management has analyzed the tax positions it has taken, and has concluded that as of September 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to audit by the IRS, Tax Exempt and Government Entities Division; however, there are currently no audits for any tax periods in progress. TVARS management believes the Plan is no longer subject to plan qualification examinations for years prior to 2019.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s). Management also uses estimates and assumptions in determining the actuarial present value of accumulated plan benefits and the changes in actuarial present value of accumulated plan benefits. Actual results could differ materially from those estimates.

Note 3

DERIVATIVE FINANCIAL INSTRUMENTS

The Plan is party to derivative financial instruments in its normal course of business. Interest rate futures, options, and swaps and inflation rate floor options may be utilized for managing duration and yield curve risk. Credit default swaps may be utilized to obtain credit default protection or as a substitute for the bond, but not to employ leverage. Foreign currency forwards, options, and futures may be utilized to hedge risks associated with short-term exchange rate fluctuations or implement active management decisions via the currency markets. Equity futures and total return swaps may be used in the implementation of various active management strategies. Derivatives are not to be used to effectively leverage the portfolio. Net exposures resulting from derivatives transactions must be covered by holdings within the portfolio. Under the investment management agreements, investment managers may not use derivative financial instruments to fundamentally change the risk/return profile of their portfolios relative to their benchmarks. Additionally, these managers cannot invest in asset classes that are inconsistent with the benchmarks of their strategies. The derivative strategies employed by the managers in their individual portfolios can expose the Plan to market and credit risk.

The Plan has counterparty exposure in the derivative instruments of certain currency forwards, options, and swaps. Such contracts and agreements have been executed with creditworthy counterparties. Thus, TVARS considers the risk of nonperformance to be remote. The credit risks associated with these instruments are controlled through the evaluation and continual monitoring of the creditworthiness of the counterparties. TVARS also reviews the credit ratings of counterparties on a regular basis. In the event that a counterparty fails to meet the terms of a contract or agreement, the Plan's exposure should be limited to the currency rate differential or contract differential.

The right of set-off generally exists in the event of default for Plan derivatives, which would be applied based on contract terms. Typically set-off would be permitted by counterparty to each investment manager. The total market value exposure will normally also be set-off against collateral exchanged to date, which would result in a net receivable/(payable) that would be due from/to the counterparty.

A summary of derivatives is presented on the following page.

**Fair Values of Derivative Instruments on Statements
of Net Assets Available for Benefits**

**Effect of Derivative
Instruments on the Statement
of Changes in Net Assets for
the year ended September 30,
2025 2024**

<i>(Dollars in thousands)</i>	as of September 30, 2025		as of September 30, 2024		Net Appreciation (Depreciation)	
	Notional Amount	Fair Value	Notional Amount	Fair Value	2025	2024
Futures contracts						
Assets						
Interest rate futures	\$ 294,370	\$ 2,753	\$ 115,406	\$ 373		
Liabilities						
Interest rate futures	(33,964)	(123)	131,317	(584)		
Total Futures	\$ 260,406	\$ 2,630	\$ 246,723	\$ (211)	\$ (10,068)	\$ 8,084
Option contracts						
Assets						
Interest rate options *	-	\$ 1	-	\$ 29		
Total purchased option assets	-	\$ 1	-	\$ 29		
Liabilities						
Interest rate options *	-	\$ (56)	-	\$ (311)		
Total written option liabilities	-	\$ (56)	-	\$ (311)		
Total Options	-	\$ (55)	-	\$ (282)	\$ 1,157	\$ 276
Swaps						
Assets						
Interest rate swap contracts	\$ 6,345	\$ 342	\$ 53,687	\$ 2,492		
Total return swap contracts	11,320	5,352	121,708	1,897		
Credit default swap contracts	59,430	1,457	67,163	1,597		
Total swap contract assets	\$ 77,095	\$ 7,151	\$ 242,558	\$ 5,986		
Liabilities						
Interest rate swap contracts	\$ 6,650	\$ (122)	\$ 96,620	\$ (2,752)		
Total return swap contracts	-	-	1,590	-		
Credit default swap contracts	4,160	(94)	-	-		
Total swap contract liabilities	\$ 10,810	\$ (216)	\$ 98,210	\$ (2,752)		
Total Swaps	\$ 87,905	\$ 6,935	\$ 340,768	\$ 3,234	\$ 5,127	\$ 19,520
Forwards						
Forward foreign currency contracts - receivable**		\$ 81		\$ 14		
Forward foreign currency contracts - payable**		(201)		(55)		
Total Forwards		\$ (120)		\$ (41)	\$ (17)	\$ (698)

*Number of interest rate option contracts outstanding as of September 30, 2025 and September 30, 2024 was 21,872,152 and 8,800,562, respectively.

**Number of forward foreign currency contracts outstanding as of September 30, 2025 and September 30, 2024 were 22 and 29, respectively.

Note 4

SECURITIES LENDING

The Plan participates in a security lending program through a lending agent, its Trustee and Custodian, BNY Mellon. Under this program, the Plan's investment securities are loaned to approved borrowers and, in return, the Plan receives payment of a fee from the borrowers. The Plan's rights to the loaned securities are unencumbered. The Plan maintains effective control of the loaned securities through the Trustee during the term of the program arrangement, since the securities on loan may be recalled by the Plan at any time. Under the terms of the program arrangement, the borrower must return the same or substantially the same investments that were borrowed. Securities lent are secured by collateral equal to at least 102 percent of the market value of securities loaned. The Plan receives cash and investment grade securities or baskets of equity securities as collateral for securities lending. The Plan receives a portion of the income earned on the collateral. The Plan does not have the right to sell or re-pledge securities received as collateral. The cash collateral received is recorded both as an asset and a liability in the Statements of Net Assets Available for Benefits. Cash received is invested in a separately managed investment account of various short-term securities where the maximum maturity of the fund is 195 days. Each investment must meet standards defined in the investment guidelines including but not limited to investment eligibility, credit quality, and maturity and diversification requirements. The lending agent provides the Plan indemnification against losses due to borrower default. The lending agent also provides the Plan indemnification against the risk of loss in the investment repurchase transactions made with the cash collateral.

As of September 30, 2025, securities on loan are fully collateralized and the portion of the collateral that was cash was co-invested in a separately managed investment account for the Plan held by the Trustee (see Note 2) or other non-cash securities noted below. The cash collateral held by the Plan and the obligation to return the cash collateral is reflected in the accompanying Statements of Net Assets Available for Benefits. Net income from the program was \$1.047 million and \$1.118 million for the years ended September 30, 2025, and 2024, respectively.

Securities Lending

The following tables summarize the securities loaned and the related collateral:

<i>(Dollars in thousands)</i> <i>September 30, 2025</i>	Fair Value of Securities on Loan	Total Collateral	Collateral Percent*	Fair Value of Collateral - Cash	Fair Value of Collateral - Non- Cash
Common stocks - domestic	\$ 77,586	\$ 82,757	106.7%	\$ 41,392	\$ 41,365
Corporate bonds	126,476	132,087	104.4%	100,857	31,230
US government	118,864	127,542	107.3%	49	127,493
Common stocks - international	13,566	15,067	111.1%	-	15,067
	\$ 336,492	\$ 357,453	106.2%	\$ 142,298	\$ 215,155

<i>(Dollars in thousands)</i> <i>September 30, 2024</i>	Fair Value of Securities on Loan	Total Collateral	Collateral Percent*	Fair Value of Collateral - Cash	Fair Value of Collateral - Non- Cash
Common stocks - domestic	\$ 45,123	\$ 48,475	107.4%	\$ 14,544	\$ 33,931
Corporate bonds	205,089	212,128	103.4%	190,557	21,571
US government	229,726	243,470	106.0%	29,504	213,966
Common stocks - international	16,945	18,711	110.4%	40	18,671
	\$ 496,883	\$ 522,784	105.2%	\$ 234,645	\$ 288,139

*Calculated on unrounded amounts

Note 5

COMMITMENTS AND CONTINGENCIES

The Plan has made commitments to various private credit, equity, and real asset investments. A summary is provided below of funds held by the Plan at September 30, 2025 and 2024.

<i>(Dollars in thousands)</i>	2025			2024		
	Number of Funds	Fair Market Value	Unfunded Commitments	Number of Funds	Fair Market Value	Unfunded Commitments
Private Credit Funds	2	\$ 1,180,734	\$ 168,225	2	\$ 1,134,754	\$ 231,287
Private Equity Funds	18	\$ 1,261,409	\$ 216,427	19	\$ 1,520,626	\$ 261,340
Private Real Asset Funds	16	\$ 1,196,765	\$ 265,219	18	\$ 1,123,707	\$ 243,965

Note 6

PARTICIPANT CONTRIBUTIONS

Participants who were hired prior to January 1, 1996, may voluntarily make after-tax contributions to the Plan and elect to invest the funds in either the Fixed Fund, the Variable Fund, or both. Contributions to the Fixed Fund and/or the Variable Fund are limited by the TVARS Rules to the lesser of \$10,000 per calendar year or 100 percent of calendar year-to-date compensation. Participants who were hired on or after January 1, 1996, were previously eligible to make contributions to the Plan. Effective as of October 1, 2016, these participants may no longer make any new contributions; however, their balances may remain in the Fixed and Variable Funds if they choose until retirement or termination of employment.

Participant contributions invested in the Fixed Fund earn monthly interest at an annual interest rate equal to the change in the 12-month average of the CPI-U plus 2 percent (with a current minimum of 4.75 percent and maximum of 6.25 percent based on a formula in the TVARS Rules). The interest rates during calendar years 2025 and 2024 were 5.02 and 6.25 percent, respectively. Participant contributions to the Variable Fund are invested in an S&P 500 Index Fund. As a part of the Plan, federal income tax is deferred on interest and investment earnings in the Fixed and Variable Funds until the participant's funds are distributed upon retirement or termination of employment.

Under the TVARS Rules, participants are permitted to make transfers between the Fixed Fund and the Variable Fund once per calendar month and may, at any time during employment, transfer their entire balance to the Tennessee Valley Authority Savings and Deferral Retirement Plan (401(k) Plan). Participants who were hired prior to January 1, 1996, and who transfer their balance to the 401(k) Plan on or after May 1, 2005, are no longer eligible to make additional contributions to the Plan. Upon retirement or termination of employment, participants who were hired prior to January 1, 1996, may elect either (i) a lump-sum distribution or rollover of their balances in the Fixed and Variable Funds, or (ii) a monthly fixed or variable annuity payment from the Fixed Fund, the Variable Fund, or both. In addition, these participants may elect to transfer all or any portion of their after-tax account in the 401(k) Plan to the Fixed Fund and/or Variable Fund to receive monthly annuity payments. Participants who were hired on or after January 1, 1996, and who have balances in the Fixed and Variable Funds, may only elect a lump-sum distribution or rollover of their balances in the Fixed and Variable Funds at the time of retirement or termination of employment.

Note 7

TVA CONTRIBUTIONS

The Plan's assets are used to pay Plan benefits to retirees and beneficiaries and are maintained separately from TVA in a pension trust. Under the TVARS Rules, TVA is required to make an annual minimum required contribution to the Plan equal to the greater of (i) a formula set forth in the TVARS Rules consisting of a normal contribution and accrued liability contribution, which is calculated by the Plan's actuary, or (ii) \$300 million. The \$300 million floor applicable to the annual minimum required

contribution is in effect for a period of 20 years (from fiscal year 2017 through fiscal year 2036) or, if earlier, through the fiscal year in which the Plan reaches and remains at a 100 percent funded status. In addition to the minimum required contribution, TVA has the option in its discretion to make additional contributions to the Plan.

In both 2025 and 2024, TVA contributed \$300 million to the Plan. In August 2025, the TVA Board of Directors approved a \$300 million contribution to the Plan for 2026.

Note 8

AMENDMENTS TO THE TVARS RULES AND REGULATIONS

On December 8, 2023, the TVARS Board approved IRS housekeeping amendments required by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) and SECURE Act 2.0 impacting required minimum distributions (RMDs) under the Plan. As required by the SECURE Act, effective January 1, 2020, the required beginning date for RMDs from the Plan was changed from age 70½ to age 72. As required by SECURE Act 2.0, effective January 1, 2023, the required beginning date for RMDs from the Plan was changed from age 72 to age 73. The Plan implemented these changes operationally as of January 1, 2020, and January 1, 2023, respectively, and the TVARS Rules were amended to memorialize these changes in accordance with IRS regulations and guidance for the SECURE Act and SECURE Act 2.0.

Note 9

ACTUARIAL ASSUMPTIONS

Accumulated benefits are those future periodic payments, including single-sum payments that are attributable under the Plan to participants' service and contributions. Accumulated benefits include benefits expected to be paid to (1) retired or terminated participants or to their beneficiaries, (2) beneficiaries of participants who have died, and (3) current participants or their beneficiaries.

Pension benefits for participants who were first hired prior to January 1, 1996, are based on years of creditable service (to the nearest month), highest average compensation during any three consecutive years of creditable service, and a pension factor, less a Social Security offset.

Pension benefits for participants who were first hired prior to January 1, 1996, and who elected to switch pension structures from traditional to cash balance, are based on pay credits and interest credits that accumulate over the participant's cash balance service. Pay credits accumulate at a rate equal to 6 percent of eligible compensation, and interest is credited each month at the rate established by the TVARS Board each January 1. The interest rate is determined by calculating the percentage change of the 12-month average of the CPI-U for the period ending the previous October 31 over the preceding 12-month period, plus 3 percent (with a minimum of 6 percent and maximum of 10 percent). The interest rate was 6.02 percent and 7.69 percent during calendar years 2025 and 2024, respectively.

Pension benefits for participants who were first hired on or after January 1, 1996, and who have 10 or more years of service as of October 1, 2016, are based on pay credits and interest credits that accumulate over the participant's cash balance service. Pay credits accumulate at a rate equal to 3 percent of eligible compensation, and interest is credited each month at the rate established by the TVARS Board each January 1. The interest rate is determined by calculating the percentage change of the 12-month average of the CPI-U for the period ending the previous October 31 over the preceding 12-month period, plus 2 percent (with a minimum of 4.75 percent and maximum of 6.25 percent). The interest rates during calendar years 2025 and 2024 were 5.02 and 6.25 percent, respectively.

Pension benefits for participants who were first hired on or after January 1, 1996, and who have less than 10 years of service as of October 1, 2016, are based on pay and interest credits accrued through October 1, 2016, and interest credits that accumulate over the participant's cash balance service after October 1, 2016. Interest is credited each month at the rate established by the TVARS Board each

January 1. The interest rate is determined by calculating the percentage change of the 12-month average of the CPI-U for the period ending the previous October 31 over the preceding 12-month period, plus 2 percent (with a minimum of 4.75 percent and maximum of 6.25 percent). The interest rates during calendar years 2025 and 2024 were 5.02 and 6.25 percent, respectively.

The actuarial present value of accumulated benefits is determined by the Plan’s actuary, Mercer Human Resource Consulting, and is the amount that results from applying actuarial assumptions to adjust the accumulated benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals or retirement) between the valuation date and the expected date of payment. Calculations of the accumulated pension benefits for participants as described above are based on benefits payable under all circumstances – retirement, death, disability, and termination of employment – and are included to the extent they are deemed attributable to participants’ compensation earned and service rendered to the valuation date. The significant actuarial assumptions used in the valuations as of September 30, 2025 and 2024, were:

- A. Life expectancy of participants – For 2025, the benefit amount-weighted Pri-2012 upper quartile healthy mortality table multiplied by a load factor of 100 percent for both male and female employees and 102 percent for both male and female annuitants (with no collar adjustment), and with mortality improvement projection based on Mercer’s MSS-2025 improvement scale for 2025. For 2024, the benefit amount-weighted Pri-2012 upper quartile healthy mortality table multiplied by a load factor of 100 percent for both male and female employees and 102 percent for both male and female annuitants (with no collar adjustment), and with mortality improvement projection based on Mercer’s MSS-2024 improvement scale for 2024.
- B. Interest rate – 6.50 percent for 2025 and 2024.
- C. Cash balance interest credit – For participants hired before January 1, 1996: 7.69 percent for calendar year 2024, 6.02 percent for calendar year 2025 and then 6 percent compounded annually thereafter. For participants hired on or after January 1, 1996: 6.25 percent for calendar year 2024, 5.02 percent for calendar year 2025 then 4.75 percent compounded annually thereafter.
- D. Retiree cost-of-living adjustment increases – The actual COLAs were 4.44 percent, 2.77 percent, and 2.50 percent annually for 2024, 2025, and 2026, respectively. The assumed future COLAs are 2.00 percent for 2026 and annually thereafter.
- E. Annual rates of retirements – the assumptions for 2025 and 2024 were:

Original Benefit Structure with Rule of 80		Cash Balance Benefit Structure and Original Benefit Structure without Rule of 80	
Attained Age	Annual Rates of Retirement	Attained Age	Annual Rates of Retirement
55	30.0%	45-54	2.0%
56-61	18.0%	55-58	6.0%
62	25.0%	59-61	7.5%
63-64	18.0%	62-64	14.5%
		65-69	26.5%
		70	100.0%

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

Accumulated Benefits

The estimated actuarial present value of accumulated benefits for the TVA Retirement System Defined Benefit Pension Plan is as follows:

<i>(Dollars in thousands)</i>	September 30	
	2025	2024
Vested benefits		
Participants currently receiving benefits	\$ 8,264,300	\$ 8,125,100
Active participants	1,122,700	1,383,600
Deferred benefit participants	<u>107,100</u>	<u>100,900</u>
Total	9,494,100	9,609,600
Nonvested benefits	<u>-</u>	<u>-</u>
Actuarial present value of accumulated benefits payable from the Fixed Benefit Fund	<u>\$ 9,494,100</u>	<u>\$ 9,609,600</u>

The changes in the estimated actuarial present value of accumulated benefits of the TVA Retirement System Defined Benefit Pension Plan are as follows:

<i>(Dollars in thousands)</i>	September 30	
	2025	2024
Actuarial present value of accumulated benefits payable from the Fixed Benefit Fund at beginning of year	\$ 9,609,600	\$ 9,684,500
Increase during the year attributable to:		
Additional benefits accumulated and actuarial gains and losses	86,700	84,700
Interest due to decrease in the discount period	598,800	604,700
Benefits paid to participants	(796,600)	(763,600)
Change in assumptions	(4,400)	(700)
Actuarial present value of accumulated benefits payable from the Fixed Benefit Fund at end of year	<u>\$ 9,494,100</u>	<u>\$ 9,609,600</u>

Note 10

ADMINISTRATIVE EXPENSES AND RELATED PARTY TRANSACTIONS

The Plan's assets are used to pay for all eligible Plan administrative expenses.

In administering the Plan, the TVARS Board has the authority to arrange for administrative, clerical, legal, and medical advisor services, and may request many of such services from TVA. The TVARS Board appoints an Executive Secretary who serves as the executive director of TVARS and is responsible for all day-to-day functions of administering the System and the Plan and investing the Plan's assets. The TVARS staff performs their work under the supervision and direction of the Executive Secretary. The Executive Secretary and the TVARS staff are TVA employees who are loaned to TVARS pursuant to a loaned employee agreement. As loaned employees, TVARS reimburses TVA for their compensation, which is paid from the Plan's assets. Expenses pertaining to use of requested services and the reimbursement of loaned employee compensation and benefits, as described above, were \$5.5 million in 2025 and \$4.9 million in 2024.

Note 11

TERMINATION

Under the TVARS Rules, TVA has the right at any time in its discretion to terminate the Plan. The termination of the Plan would not affect the obligations of TVA with regard to participants' nonforfeitable rights to accrued benefits under the Plan as set out in the TVARS Rules. In the event the Plan were terminated, the net assets of the Plan would be allocated generally to provide Plan benefits in the following order: (1) Fixed and Variable Fund benefits based on participants' contributions, and (2) nonforfeitable benefits based upon TVA's contributions, including COLA benefits. The Plan benefits are not guaranteed by the Pension Benefit Guaranty Corporation; however, under the TVARS Rules, TVA is responsible in a termination situation for funding any shortfall in assets necessary to pay nonforfeitable benefits and could fund such shortfall in a single lump-sum or in installments over a reasonable period of time.

Note 12

VARIABLE FUND

A general description of the Variable Fund is found under Note 6 – Participant Contributions.

Key financial data of the Variable Fund at September 30, 2025, and 2024 are as follows:

<i>(Dollars in thousands)</i>	2025	2024
Assets		
Commingled funds	\$ 115,597	\$ 106,339
S&P 500 Stock Index Fund	46,064	55,515
Total investments at fair value	<u>161,661</u>	<u>161,854</u>
Net Assets	<u>\$ 161,661</u>	<u>\$ 161,854</u>
Investment Income (Loss)		
Net appreciation (depreciation) in fair value of investments	\$ 24,309	\$ 45,760
Dividends	677	751
Total investment income (loss)	<u>24,986</u>	<u>46,511</u>
Members' Contributions	<u>512</u>	<u>627</u>
Net Transfers for:		
Retirement benefits, withdrawals, and death benefits	(13,889)	(14,760)
Net transfers to Fixed Benefit Fund	(9,640)	(5,869)
Net transfers to 401(k) Plan	(2,162)	(1,707)
Net transfers	<u>(25,691)</u>	<u>(22,336)</u>
Net increase (decrease)	<u>\$ (193)</u>	<u>\$ 24,802</u>

Note 13

SUBSEQUENT EVENTS

TVARS management has evaluated subsequent events for recognition and disclosure through April 28, 2026, which is the date the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT

Members and Administrator of
Tennessee Valley Authority Savings and Deferral Retirement Plan
Knoxville, Tennessee

Opinion

We have audited the financial statements of Tennessee Valley Authority Savings and Deferral Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of September 30, 2025 and 2024, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of September 30, 2025 and 2024, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the financial highlights and statistics, letter from the chair, listing of board of directors and committees, listing of service providers, listing of investment managers, the certification of financial statements, and contact information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Crowe LLP

Oakbrook Terrace, Illinois
April 28, 2026

Tennessee Valley Authority
Savings and Deferral Retirement Plan (401(k) Plan)
Statements of Net Assets Available for Benefits

September 30, 2025 and 2024
(Dollars in thousands)

	2025	2024
Assets		
Investments at fair value	\$ 5,498,403	\$ 4,820,051
Other receivables	66	47
Notes receivable		
Participant loans	45,986	44,831
Total Assets	<u>\$ 5,544,455</u>	<u>\$ 4,864,929</u>
Liabilities		
Accounts payable	<u>42</u>	<u>42</u>
Net Assets Available for Benefits	<u><u>\$ 5,544,413</u></u>	<u><u>\$ 4,864,887</u></u>

The accompanying notes are an integral part of the financial statements.

Tennessee Valley Authority

Savings and Deferral Retirement Plan (401(k) Plan)

Statements of Changes in Net Assets Available for Benefits

Fiscal Years Ended September 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Investment Income		
Net appreciation (depreciation)	\$ 669,444	\$ 992,468
Dividends and interest	56,561	41,573
Total investment income (loss)	726,005	1,034,041
 Contributions		
Members	168,772	153,186
TVA	123,981	115,299
Transfers from annuity funds	15,111	6,672
Total contributions	307,864	275,157
 Other Income	240	232
 Deductions		
Benefits and withdrawals	(349,182)	(223,862)
Transfers to annuity funds	(5,016)	(3,744)
Administrative expenses	(385)	(420)
Total deductions	(354,583)	(228,026)
 Net increase (decrease)	679,526	1,081,404
 Net Assets Available for Benefits		
Beginning of year	4,864,887	3,783,483
End of year	\$ 5,544,413	\$ 4,864,887

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

September 30, 2025 and 2024

Note 1

PLAN DESCRIPTION

General

The Tennessee Valley Authority Retirement System (TVARS or System) was established by the Tennessee Valley Authority (TVA) in 1939 to provide retirement benefits for TVA employees. When TVA established the System, it also approved the Rules and Regulations of the TVA Retirement System (TVARS Rules), which constitute the legal charter under which the System operates. TVARS is a separate legal entity from TVA and is governed by an independent, seven-member Board of Directors (TVARS Board). Three of the directors are appointed by TVA, three are elected by and from the membership, and the seventh director, who is a TVA retiree, is selected by the other six. The TVARS Board appoints an Executive Secretary, who is responsible for the day-to-day functions of the System, and the System staff performs their work for the System under the supervision and direction of the Executive Secretary.

The Tennessee Valley Authority Savings and Deferral Retirement Plan (401(k) Plan) is a defined contribution plan sponsored by TVA and administered by the TVARS Board and the System staff. The 401(k) Plan is governed by the Provisions of the Tennessee Valley Authority Savings and Deferral Retirement Plan (401(k) Plan Provisions). As a retirement plan for employees of a federal agency, the 401(k) Plan is a governmental plan under section 414(d) of the Internal Revenue Code and is not subject to the Employee Retirement Income Security Act (ERISA), which governs the retirement plans of private entities. Fidelity Management Trust Company, which serves as the 401(k) Plan trustee, and Fidelity Workplace Services LLC, which serves as the provider of recordkeeping services, are collectively known as "Fidelity."

A brief description of the 401(k) Plan is provided below for general information purposes only. Participants may refer to the 401(k) Plan Provisions for more information. *This description is intended to help participants and stakeholders understand the administration of and the benefits under the 401(k) Plan. The 401(k) Plan Provisions, not this information, are used to determine the benefits to which a participant is entitled.*

Participant Contributions

Most full-time and part-time annual TVA employees are eligible to participate in the 401(k) Plan (participants); however, TVA board members, and TVA employees with prior federal service who retain membership in the Civil Service or Federal Employees Retirement Systems, are excluded from participation in the 401(k) Plan. Participants may elect to contribute to the 401(k) Plan in the form of pre-tax deferrals, designated Roth contributions, and/or after-tax contributions. In addition, participants who are age 50 or older during the plan year are eligible to make additional "catch up" contributions (either pre-tax or Roth designated).

Salary deferrals (pre-tax and/or Roth designated) are made through bi-weekly payroll deductions only into the 401(k) Plan. Eligible employees who do not elect to opt out are automatically enrolled as participants in the 401(k) Plan upon employment with pre-tax salary deferrals of 6 percent of eligible compensation. After-tax contributions may be made by payroll deductions or cash payment into the 401(k) Plan. A participant may increase, decrease, or stop any of these contributions at any time.

TVA Contributions

Under the 401(k) Plan, the non-elective and matching contributions TVA makes to participant accounts are based on the participant's employment hire date, years of service, and individual elections as follows:

- Participants who were first hired prior to January 1, 1996, receive matching contributions from TVA of 25 cents on every dollar contributed by the participant to the 401(k) Plan up to a maximum of 1.5 percent of eligible compensation.
- Employees who were first hired prior to January 1, 1996, and who elected to switch pension structures from the traditional to the cash balance, receive matching contributions from TVA of 75 cents on every dollar contributed by the participant to the 401(k) Plan up to a maximum of 4.5 percent of eligible compensation.
- Employees who were first hired on or after January 1, 1996, and who have 10 or more years of service as of October 1, 2016, receive (1) an automatic, non-elective contribution from TVA equal to 3 percent of eligible compensation, and (2) matching contributions from TVA of 75 cents on every dollar contributed by the participant to the 401(k) Plan up to a maximum of 4.5 percent of eligible compensation.
- Employees who were first hired on or after January 1, 1996, and who have less than 10 years of service as of October 1, 2016, receive (1) an automatic, non-elective contribution from TVA equal to 6 percent of eligible compensation, and (2) matching contributions from TVA on participant contributions to the 401(k) Plan dollar-for-dollar up to a maximum of 6 percent of eligible compensation.
- Employees who elected to waive their cash balance retirement benefit and transfer their cash balance account to the 401(k) Plan effective October 1, 2018, receive (1) an automatic, non-elective contribution from TVA equal to 6 percent of eligible compensation, and (2) matching contributions from TVA on participant contributions to the 401(k) Plan dollar-for-dollar up to a maximum of 6 percent of eligible compensation.
- Employees who are first hired on or after July 1, 2014 (or who are rehired and were either previously not vested in the pension or cashed out their pension benefit) receive (1) an automatic, non-elective contribution from TVA equal to 4.5 percent of eligible compensation, and (2) matching contributions from TVA of 75 cents on every dollar contributed by the participant to the 401(k) Plan up to a maximum of 4.5 percent of eligible compensation.

Contribution Limits

All contributions to the 401(k) Plan are subject to certain annual limits published by the Internal Revenue Service (IRS). Contributions to the 401(k) Plan, including participant contributions and TVA matching and non-elective contributions, along with participant contributions to the System's Fixed and Variable Funds, could not exceed \$70,000 and \$69,000 for calendar years 2025 and 2024, respectively, or 100 percent of calendar year-to-date compensation if less. Additionally, salary deferral contributions (pre-tax and/or designated Roth) to the 401(k) Plan could not exceed \$23,500 and \$23,000 for calendar years 2025 and 2024, respectively. Participants who are age 50 or older were eligible to make additional "catch-up contributions" (on a pre-tax and/or designated Roth basis) up to \$7,500 for calendar years 2025 and 2024 over and above the pre-tax/designated Roth contribution limit, which could not begin until the annual pre-tax/designated Roth contribution limit was reached. These IRS limits may increase annually according to the IRS cost-of-living adjustment rules.

Vesting, Distributions, and Rollovers

Participants who contribute to the 401(k) Plan are immediately vested in their own contributions and vest in TVA matching and non-elective contributions upon completion of three years of TVA service. Notwithstanding, participants vest in TVA matching and non-elective contributions during employment upon death, disability, or attainment of age 65.

At the time of an IRS-qualified distribution event, such as termination of employment, retirement, death, or disability, participants (or the participant's beneficiary if the participant is deceased) may elect the distribution of all or a portion of the balance of the participant's 401(k) account balance in various lump-

sum or periodic payment options in accordance with the 401(k) Plan Provisions. The 401(k) Plan also provides for participant loans and several different types of in-service distribution options, such as hardship withdrawals, post age 59 ½ distributions, and distributions of after-tax balances, all subject to certain rules and restrictions as set forth under the 401(k) Plan Provisions and applicable IRS rules.

In addition, participants between the ages of 59 ½ and 71 who are invested in the Target Retirement Paycheck Portfolios with an allocation to the lifetime income asset class may elect to purchase a lifetime income stream (or annuity) from insurers selected by BlackRock in-service or any time at or following termination of employment or retirement. The purchase of annuities would be implemented as a direct rollover of a lump sum distribution from the plan to individual retirement annuities issued by those insurers through which one would receive a lifetime income stream.

During employment, participants are permitted to rollover funds from other qualified retirement plans and individual retirement accounts (IRAs) into the 401(k) Plan. Also, participants are permitted to transfer their funds from the System's Fixed and Variable Funds to the 401(k) Plan. Participants may also elect in-plan Roth rollovers of any eligible pre-tax, after-tax, matching, non-elective or rollover balances within the participant's 401(k) account.

Accounts and Investments

Individual accounts are maintained for each participant. Each participant's account is adjusted to reflect the participant's contributions, TVA's contributions, any investment earnings or losses, and a flat quarterly fee for Fidelity's trustee, recordkeeping, and other services. Participants may invest their accounts in any of the investment funds offered in the 401(k) Plan within the following four-tier structure: Tier 1 – Target Date Funds; Tier 2 – Passively Managed Funds; Tier 3 – Actively Managed Funds; and Tier 4 – Self-Directed Brokerage Account.

The Target Date Funds, called Target Retirement Portfolios, are based on funds managed by BlackRock and serve as the qualified default investment alternative for participants. The Target Retirement Portfolios provide a simple and efficient way for participants to create a diversified asset allocation with prudent risk and return characteristics, gradually becoming more conservative over time, based on a target retirement date of age 65. Beginning in June 2024, these include BlackRock's LifePath Paycheck Funds with an allocation the lifetime income asset class, which provides the option between the ages of 59 ½ and 71 to elect to purchase an annuity from insurers selected by BlackRock.

The Passively Managed Funds include the following 4 broad market index funds: BlackRock US Debt Index (fixed income); BlackRock Equity Index (U.S. large cap equity); BlackRock Russell® 2500 (U.S. small/mid cap equity); and BlackRock ACWI ex-U.S. IMI Index (international equity).

The Actively Managed Funds include the following ten funds: Vanguard Cash Reserves Federal Money Market Fund Admiral Shares (money market); Fidelity Managed Income Portfolio II CI3 (stable value fund); Loomis Sayles Core Plus Fixed Income Fund (fixed income); PIMCO Income Fund (fixed income); BlackRock Strategic Completion Non-Lendable Fund M (real assets composed of REITs, TIPS and commodities); T. Rowe Price Institutional Large Cap Value Fund (U.S. large cap value equity); Fidelity Growth Company CIT (U.S. large cap growth equity); DFA U.S. Targeted Value Portfolio Institutional Class (U.S. small/mid cap value equity); William Blair Small-Mid Cap Growth Collective Investment Fund (U.S. small/mid cap growth equity); and Harding Loevner International Equity Collective Investment Fund (international equity).

Forfeitures

If a participant ceases to be an employee for any reason other than death or disability prior to completing three years of TVA service, the entire amount of that participant's matching and non-elective contributions account is forfeited as of the termination date. Forfeitures may be used to reduce TVA's contributions to the 401(k) Plan and for eligible 401(k) Plan administrative expenses. The amount of forfeitures used to reduce TVA's contributions totaled \$263 thousand in 2025 and \$278 thousand in

2024. The amount of forfeitures used for administrative expenses totaled \$385 thousand in 2025 and \$426 thousand in 2024.

Termination

Under the 401(k) Plan Provisions, TVA has the right at any time in its discretion to terminate the 401(k) Plan. In the event the 401(k) Plan is terminated: (1) any unvested matching contributions in participant accounts will become vested, (2) the net assets will be distributed to participants in proportion to their respective accounts in the 401(k) Plan, and (3) payment of vested benefits based on contributions and gains and losses thereon to participants' accounts will be assured.

Note 2

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Benefits are recognized at the time of payment.

Investment Valuation and Income Recognition

The 401(k) Plan's investments are reported at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the 401(k) Plan's gains and losses on investments bought and sold as well as held during the year.

Fair value is viewed as the price that would be received by the 401(k) Plan for an asset or paid by the 401(k) Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the 401(k) Plan's principal or most advantageous market for the asset or the liability. There is a fair value hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 inputs) and gives the lowest priority to unobservable inputs (Level 3 inputs). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets in active markets that the 401(k) Plan has the ability to access at the measurement date.

Level 2 Inputs: Significant observable inputs other than Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data such as matrix pricing, yield curves, and indices.

Level 3 Inputs: Significant unobservable inputs that reflect the 401(k) Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the 401(k) Plan to estimate the fair value of investments apply to investments held directly by the 401(k) Plan.

Mutual funds: A mutual fund is an investment company that pools the capital of many investors and invests it in stocks, bonds, short-term money market instruments, and other securities. The 401(k) Plan's investments in any mutual funds are valued at quoted market prices based on their closing net asset

values (or unit value) per share. Since mutual fund holdings are priced by an exchange in an active market, they are classified as Level 1.

Collective trusts: The fair values of participation units held in the collective trusts are based on the net asset values per unit as reported by the fund managers. The collective trusts provide for daily redemptions by the Plan at reported net asset values per share, with no advance notice requirement.

Self-directed brokerage link (BrokerageLink): BrokerageLink allows participants who open a brokerage account with Fidelity to purchase mutual funds, exchange-traded funds, or other investment securities offered on the BrokerageLink platform. Each participant selects the specific holdings for their account. The fair value hierarchy classification is determined by the category pricing methodologies.

Mutual funds, including money market mutual funds, are priced by an exchange in an active market and are therefore classified as Level 1. Stocks are priced based on quoted bid prices in active markets for identical assets and are therefore classified as Level 1.

Bonds in BrokerageLink consist primarily of corporate bonds and U.S. Treasury securities. Corporate bonds are valued based on recent bid prices or the average of recent bid and asked prices, when available (Level 2 inputs). If not available, the bonds are valued through matrix pricing, a mathematical technique commonly used to price debt securities that are not actively traded. This method values debt securities without relying exclusively on quoted prices for a specific security but rather by relying on the security's relationship to other benchmark-quoted securities (Level 2 inputs). The fair value of U.S. Treasury securities reflects the closing price reported in the active market in which the security is traded (Level 1 inputs).

Other investments in BrokerageLink consist primarily of certificates of deposit and exchange traded options. Certificates of deposit are typically priced using evaluated pricing applications and models that incorporate observable market data such as current interest rates and relative maturities (Level 2 inputs). Exchange-traded options are generally valued each business day at the official closing price (typically the last reported sales price) on the exchange on which the security is primarily traded. These options are classified as Level 1.

Investments measured at fair value on a recurring basis are summarized as follows.

Investments at Fair Value

Investments measured at fair value on a recurring basis at September 30, 2025 and 2024, are summarized below:

(Dollars in thousands)	Fair Value Measurements at September 30, 2025, Using			Fair Value Measurements at September 30, 2024, Using		
	Total	Quoted Prices in Significant Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Total	Quoted Prices in Significant Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2
Mutual funds	\$ 225,348	\$ 225,348	\$ -	\$ 282,108	\$ 282,108	\$ -
Collective trusts ^(a)	4,315,511	-	-	3,727,738	-	-
BrokerageLink	957,544	947,528	10,016	810,205	796,194	14,011
Total Investments at fair value	\$ 5,498,403	\$ 1,172,876	\$ 10,016	\$ 4,820,051	\$ 1,078,302	\$ 14,011

^(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

Risks and Uncertainties

The 401(k) Plan holds various investments. Investments are exposed to various risks such as interest rate, market, liquidity, and credit risks, as well as risks associated with global events. Due to the level of risk associated with certain investments and the sensitivity of certain fair value estimates to changes in valuation, it is at least reasonably possible that changes in the values of investments will occur in the

near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits and participants' individual account balances.

Tax Status

The IRS determined and informed TVARS in August 2014 that the 401(k) Plan is designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Since the receipt of the latest IRS determination letter, the IRS has ended the 5-year determination letter cycle program for individually designed plans. Accordingly, beginning in 2019, TVARS has engaged the Groom Law Group (Groom) to provide periodic plan document review and compliance services where Groom will review the 401(k) Plan and any amendments subsequent to the previous IRS determination letter or plan document review and provide an opinion intended to confirm the 401(k) Plan's continued satisfaction of the IRS document requirements applicable to the 401(k) Plan. In April 2020, Groom provided TVARS a favorable opinion letter on the design of the 401(k) Plan. Based on this opinion from Groom, ongoing review of amendments by Groom, and the opinion of TVARS legal counsel, TVARS management believes that the 401(k) Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require TVARS management to evaluate tax positions taken by the 401(k) Plan. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized upon examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

TVARS management has analyzed the tax positions it has taken and has concluded that as of September 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The 401(k) Plan is subject to routine audits by the IRS, Tax Exempt and Government Entities Division; however, there are currently no audits for any tax periods in progress. TVARS management believes the 401(k) Plan is no longer subject to plan qualification examinations for years prior to 2019.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s). Actual results could differ from those estimates.

Note 3

AMENDMENTS TO 401(k) PLAN PROVISIONS

As required by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), and further updated by the SECURE Act 2.0, beginning with the 2024 plan year, long-term part-time employees (who have reached age 21 and worked at least 500 hours in two consecutive 12-month periods) are eligible to contribute to the 401(k) Plan, although they will not be eligible for matching or non-elective contributions. In addition, under the SECURE Act, 401(k) participants who die on or after January 1, 2020, and who have a designated non-spouse beneficiary (as defined under the SECURE Act), distributions from the participant's account to the non-spouse beneficiary must be made by the end of the 10th calendar year following the year of death and may no longer have the option to be made over the beneficiary's life expectancy. The 401(k) Plan is operating in compliance with these required SECURE Act provisions, and following final rules and guidance on these provisions, the 401(k) Plan Provisions will be amended to memorialize the provisions by the required IRS amendment dates applicable to the Plan.

On December 8, 2023, the TVARS Board approved the following IRS housekeeping amendments required by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), the SECURE Act 2.0, and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) impacting required minimum distributions (RMDs), distributions, and loans under the 401(k) Plan:

As required by the SECURE Act, effective January 1, 2020, the required beginning date for RMDs from the 401(k) Plan was changed from age 70 ½ to age 72. As required by SECURE Act 2.0, effective January 1, 2023, the required beginning date for RMDs from the 401(k) Plan was changed from age 72 to age 73. The 401(k) Plan implemented these changes operationally as of January 1, 2020, and January 1, 2023, respectively, and the 401(k) Plan Provisions were amended to memorialize these changes in accordance with IRS regulations and guidance for the SECURE Act and SECURE Act 2.0.

As required by the CARES Act, the 401(k) Plan waived RMDs due for calendar year 2020 for participants subject to RMDs unless a participant elected to receive them, and the 401(k) Plan Provisions were amended to memorialize this RMD waiver in accordance with IRS regulations and guidance for the CARES Act.

As allowed by the CARES Act, the TVARS Board elected to provide the options of coronavirus related distributions (CRDs) and coronavirus related loan deferrals (loan deferrals) for participants in the 401(k) Plan. Under the CRD option, eligible individuals (as defined by IRS rules) could elect withdrawals from their 401(k) Plan accounts of up to \$100,000 at any time from March 27, 2020 through December 30, 2020 and such distributions were not subject to the 10 percent early withdrawal tax and could also be recontributed back to the 401(k) Plan. Under the loan deferral option, eligible individuals (as defined by IRS rules) could elect to defer the payments on their existing 401(k) Plan loans due between March 27, 2020 and December 31, 2020. The 401(k) Plan added these two coronavirus related options as of March 27, 2020, for the period described above, and the 401(k) Plan Provisions were amended to memorialize these election options in accordance with IRS regulations and guidance for the CARES Act.

Note 4

COMMITMENTS AND CONTINGENCIES

The 401(k) Plan had no existing material commitments or contingencies at September 30, 2025 and 2024.

Note 5

OTHER INCOME

The Fidelity Government Money Market Fund is the default Forfeiture account fund, and until December 2022 was also the default fund when participants sold securities in BrokerageLink and moved the proceeds to the core lineup. This fund utilizes revenue sharing fees. Under the 401(k) Plan trust agreement with Fidelity, any funds utilizing revenue sharing fees tied to participant funds are credited back to the participants on a dollar-for-dollar basis. Revenue sharing fees generated by funds in the forfeiture account are credited back at the 401(k) Plan level. The amount of revenue sharing credited was \$16 thousand and \$11 thousand in 2025 and 2024, respectively.

Additionally, the 401(k) Plan may receive revenue credits pertaining to net float earnings on omnibus accounts used for transactions in transit. These float credits are applied at the 401(k) Plan level. The amount of float credits was \$224 thousand in 2025 and \$221 thousand in 2024.

Note 6

ADMINISTRATIVE EXPENSES AND PARTICIPANT COSTS

The cost of recordkeeping and certain other financial and trust services of the 401(k) Plan, which includes the cost of two dedicated Fidelity financial consultants for participants, are paid by the 401(k) Plan participants. Participants are charged a flat, quarterly fee, which is deducted from participants' accounts. Participants also pay certain costs associated with services they elect to use such as managed accounts and loans, which are deducted from participants' accounts. Such participant costs are included within benefits and withdrawals in the 401(k) Plan's Statements of Changes in Net Assets Available for Benefits.

Investment management fees for the funds in the 401(k) Plan investment lineup are charged as a reduction of investment return and included in the investment income (loss) reported by the 401(k) Plan.

Certain administrative expenses of the 401(k) Plan, such as consulting and audit fees, are paid by TVA, via an offset against the return of forfeitures. The 401(k) Plan incurred \$385 thousand and \$420 thousand in these administrative expenses in 2025 and 2024, respectively.

Note 7

NOTES RECEIVABLE FROM PARTICIPANTS

With certain limits, the 401(k) Plan permits loans to participants from their own accounts. Participants may borrow a percentage of their vested account balance (maximum \$50,000) for up to five years, or 10 years if the loan is to be used to purchase a primary residence. The loan interest rate is the prime rate as of the beginning of the quarter during which the loan was taken plus 1 percent, which was 8.5 percent and 9.5 percent at September 30, 2025 and September 30, 2024, respectively. Such interest is credited directly to the account of the participant.

Notes receivable from participants are reported at their unpaid principal balance, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions and the notes are collateralized by the participants' account balances.

Note 8

SUBSEQUENT EVENTS

TVARS management has evaluated subsequent events for recognition and disclosure through April 28, 2026, which is the date the financial statements were available to be issued.

Contact Information

Mailing Address

TVA Retirement System
400 W. Summit Hill Dr.
Knoxville, TN 37902

E-mail Address

tvars@tva.gov

Website

www.tvars.com

Phone Number

800-824-3870

Fax Number

865-632-8591