PROVISIONS OF THE
TENNESSEE VALLEY AUTHORITY
SAVINGS AND DEFERRAL RETIREMENT PLAN

CONTENTS

Article		Page
1	Introduction	1
2	Definitions	2
3	Participation and Enrollments	6
4	Administration	7
5	Management and Investment of Funds	8
6	Contributions, Allocation, and Transfer	11
7	Benefits	13
8	Withdrawals and Loans	24
9	Contribution Limits	28
10	Method of Accounting	36
11	TVA's Obligations, Vested Benefits, and Plan Termination	36
12	Miscellaneous Provisions	38
13	Administrative Claims and Appeals Procedures	41

ARTICLE 1

1. Introduction

1.1 Name. This plan shall be known as "The Tennessee Valley Authority Savings and Deferral Retirement Plan" (hereinafter referred to as the "Deferral Plan").

1.2 Applicability and Effective Date. The Provisions of the Deferral Plan shall be effective on and after February 14, 1986, and are applicable only to employees (as hereinafter defined) in the employment of TVA on or after the effective date.

1.3 Governmental Plan. As a plan maintained for employees of the Tennessee Valley Authority, an agency of the Federal government, the Deferral Plan intends to satisfy Code section 401(a) by meeting the requirements of a governmental plan in Code section 414(d).

ARTICLE 2

2. Definitions

Except where the context plainly requires a different meaning, the following words and phrases shall have the following meanings (other terms used herein shall, unless a contrary meaning is clearly indicated, have the same meaning as provided in the TVA Retirement System Rules and Regulations):

2.1 Deferral Plan. This Tennessee Valley Authority Savings and Deferral Retirement Plan.

2.2 Retirement System. The Retirement System of the Tennessee Valley Authority established as of November 1, 1939.

2.3 Board. The Board of Directors of the Retirement System.

2.4 Trustee. The Trustee or Trustees as designated and appointed in accordance with these Provisions.

2.5 TVA. The Tennessee Valley Authority.

2.6 Date of Establishment. February 14, 1986.

2.7 Employee. Any officer or employee of the Tennessee Valley Authority who is employed at an annual rate of pay and any officer or employee of the Tennessee Valley Authority who is employed on a permanent, prepermanent, or indefinite annual part-time appointment with a minimum work schedule of 16 hours per week except (a) a member of the Board of Directors of TVA; (b) a member of the Civil Service Retirement System or the Federal Employees' Retirement System; (c) any person employed for a predetermined period of six months or less; (d) any person employed part-time other than as provided in this Article 2.7; and (e) any person whose services are engaged on a contract basis except as provided in Article 12.1. Provided that, notwithstanding the minimum work schedule of 16 hours per week required above, the term "employee" shall also include a person who meets the other requirements of this definition and who is participating for no more than one year in a TVA part-time employment program approved pursuant to the TVA Board Resolution on recruitment, retention, and reward of excellence approved by the TVA Board as of November 15, 2001.

2.8 Participant. Any employee who participates or has elected to participate in the Deferral Plan.

2.9 Compensation.

A. Except as otherwise provided herein and unless otherwise required by the Code, compensation shall mean the annual rate of regular salary or wages which a participant would earn if the participant worked full-time on the basis of the stated salary or wages paid the participant; provided, however, that such compensation shall also include compensation which is not currently includable in the participant's gross income by reason of the application of sections 125, 132(f)(4), or 402(g)(3) of the Code and differential wage payments under section 3401(h) of the Code. For the purpose of determining participant's compensation under Article 9.5, compensation shall include a lump-sum payment of up to 3 percent of regular salary or wages for Fiscal Year 1998, and a lump-sum payment of up to 4 percent of regular salary or wages for Fiscal Years 1999 through 2013, which TVA informs the Retirement System were made available, in lieu of a base wage or salary increase, across a represented or non-represented group of employees as agreed to during annual negotiations, in the case of represented groups, or as approved by TVA in connection with an annual review of management and excluded compensation. For the purposes of determining participant's compensation under Article 9.5, compensation shall include (a) for plan year 2001,lump-sum payments of up to 1.7 percent of regular salary or wages, and minimum awards of $500 and prorated amounts where applicable, made for Fiscal Year 2000 performance under the TVA Performance Success Award Plan; (b) for plan years 2001 through 2005, lump-sum payments of up to 3 percent of regular salary or wages (excluding any overtime pay adjustments) made under the Memorandum of Understanding regarding Transition to Multiple Skill Classifications in TVA's River System Operations and Environment organization; and (c) for plan years after 2001, lump-sum payments of up to 6.25 percent of regular salary or wages (excluding any overtime pay adjustments), as approved by TVA, under the TVA Winning Performance Team Incentive Plan. Notwithstanding any other provisions of this plan, the annual compensation of each participant taken into account under the plan for any year shall not exceed the compensation limit established under section 401(a)(17)(B) of the Code, as adjusted for cost-of-living increases in accordance with that section. For any plan year beginning after December 31, 2001, the annual compensation of each participant taken into account in determining allocations shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar

year applies to annual compensation for the determination period that begins with or within such calendar year.

B. For purposes of applying section 415 of the Code as set forth in Article 9.6, the definition of Compensation set forth in Article 9.7 will apply.

C. The inclusion in the definitions of compensation in this Article 2.9 of elective amounts that are not includable in the gross income of an employee by reason of sections 125, 132(f)(4), or 402(g)(3) of the Code is effective as of January 1, 1998. Provided that, effective as of that same date, amounts under section 125 include any amounts not available to a participant in cash in lieu of group health coverage because the participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under section 125 only if the employer does not request or collect information regardingthe participant's other health coverage as part of the enrollment process for the health plan.

2.10 Beneficiary. Any person or persons designated by a participant or as provided hereunder to receive a benefit provided by these Provisions.

2.11 Retiree or Retired Participant. A retired or former participant no longer in service.

2.12 Code. The Internal Revenue Code of 1986 and amendments thereto.

2.13 Member. A person who is a member of the Retirement System.

2.14 Rules and Regulations. The Rules and Regulations, as amended from time to time, of the Retirement System.

2.15 Provisions. These Deferral Plan Provisions, as amended from time to time.

2.16 Savings Contributions. The voluntary after-tax contributions that a participant may make under Article 9.

2.17 Savings Contributions Account. A participant's individual Deferral Plan account representing savings contributions and gains and losses thereon.

2.18 Salary Deferral Contributions. The contributions made by TVA under Article 9 in accordance with a salary reduction agreement between TVA and an employee. Beginning as of June 1, 2006, the term "Salary Deferral Contributions" includes Pre-tax Elective Deferrals and Roth Elective Deferrals.

2.19 Pre-tax Elective Deferrals. A participant's Salary Deferral Contributions that are not includible in the participant's gross income at the time deferred.

2.20 Transfer Contributions Account. A participant's individual Deferral Plan account representing the transfer of contributions from another qualified plan, made in accordance with Articles 6.1 and 9.11, and gains and losses thereon.

2.21 Matching Contributions. The matching contributions made by TVA under Article 9.5A for the benefit of a participant.

2.22 Matching Contributions Account. A participant's individual Deferral Plan account representing TVA's matching contributions and gains and losses thereon.

2.23 Plan Year. The plan year is October 1 through September 30 of each year.

2.24 Deferral Plan Trust Agreement. The Trust Agreement for the Tennessee Valley Authority Savings and Deferral Retirement Plan between the Tennessee Valley Authority and the Board of Directors of the Retirement System of the Tennessee Valley Authority.

2.25 Fund. Any one or more of the investment options or funds used as part of this Deferral Plan pursuant to Article 5.

2.26 Eligible Fund. One or more of the investment options or funds in the Deferral Plan declared by the board as ones to which contributions may be directed and to which transfers may be made.

2.27 Adjustment Factor. The cost of living adjustment factor prescribed by the Secretary of the Treasury under section 415(d) of the Code for years beginning after December 31, 1987, as applied to such items and in such manner as the Secretary shall provide.

2.28 Roth Elective Deferrals. A participant's Salary Deferral Contributions that are includible in the participant's gross income at the time deferred and have been irrevocably designated as Roth Elective Deferrals by the participant in the participant's deferral election.

2.29 Pre-tax Elective Deferral Account. A participant's individual Deferral Plan account representing Pre-tax Elective Deferrals and gains and losses thereon.

2.30 Roth Elective Deferral Account. A participant's individual Deferral Plan account representing Roth Elective Deferrals and gains and losses thereon.

2.31 Nonelective Contributions. The employer nonelective contributions made by TVA under Article 9.5B for the benefit of a participant.

2.32 Nonelective Contributions Account. A participant's individual Deferral Plan account representing TVA's nonelective contributions and gains and losses thereon.

ARTICLE 3

3. Participation and Enrollments

3.1 Eligible Employee. Any employee on the date of establishment or on the date the plan becomes operational on October 1, 1987, whichever is later, shall be eligible to participate in this Deferral Plan and may elect to become a participant in accordance with these Provisions. Any person who becomes an employee after the date of establishment or after the date the plan becomes operational, whichever is later, shall be eligible to participate in this Deferral Plan as of the date the person becomes an employee and may elect to become a participant in accordance with these Provisions. In the event of a question arising as to the eligibility of any person to participate in this Deferral Plan, the decision of the board shall be final. A leased employee shall not be eligible to participate in this Deferral Plan. "Leased employee" shall mean an individual who is not a common law employee of TVA and who provides services to TVA if (i) such services are provided pursuant to an agreement between TVA and a leasing organization, (ii) such individual has performed such services for TVA on a substantially full-time basis for a period of at least 1 year, and (iii) such services are performed under primary direction or control by TVA; provided that an individual shall not be treated as a leased employee with respect to services performed for TVA if such individual is covered by a money purchase pension plan maintained by the leasing organization that has a nonintegrated employer contribution rate for each participant of at least 10% of compensation, provides for full and immediate vesting, and provides for immediate participation for employees of the leasing organization (other than employees who perform substantially all of their services for the leasing organization).

3.2 Automatic Enrollment. Each employee who does not affirmatively elect to opt out of the Deferral Plan, as set forth in Article 3.3 below, shall be automatically enrolled as a participant in the Deferral Plan and shall promptly file with the board such information as the board shall consider necessary or appropriate to establish TVA's salary deferral contributions, the participant's savings contributions, the participant's transfer contributions, the participant's choice of investment or investments under this Deferral Plan, the participant's beneficiary, and accomplish any other action under this plan. Such participation shall be effective as established by the board as soon as practical after its receipt and acceptance of all required enrollment information.

3.3 Disenrollment. Any employee who wants to affirmatively elect to opt out of the Deferral Plan at any time shall file with the board such information as the board shall consider necessary or appropriate to indicate such election. Such disenrollment election shall be effective as established by the board as soon as practical after receipt and acceptance of all required disenrollment information.

ARTICLE 4

4. Administration

4.1 General Responsibility of Board. The board shall have control over and responsibility for the general administration of the Deferral Plan in accordance with the Deferral Plan Trust Agreement and these Provisions insofar as are involved matters relating to contributions by TVA and the participants, the acceptance of transfer contributions, the allowance of benefits, and the rights generally of participants and beneficiaries of the Deferral Plan. The Deferral Plan shall be maintained as a single, separate plan apart from the defined benefit pension plan maintained under the Retirement System Rules and Regulations.

4.2 Conduct of Business. The board shall transact Deferral Plan business at its regular quarterly meetings and such other special meetings as it shall deem necessary. In acting on Deferral Plan business, the meeting, quorum, and voting provisions of the Rules and Regulations of the Retirement System shall apply. The Chairman of the Retirement System Board shall hold that position as to the Deferral Plan. At the request of the board, the TVA General Counsel shall be available as legal advisor of the board, the TVA Comptroller shall be available as its financial advisor, and the TVA Medical Director shall be available as the medical advisor of the board.

4.3 Records and Reports. The board shall maintain accounts showing the fiscal transactions of the Deferral Plan for each plan year and limitation year, as hereinafter provided, and shall cause to be kept in convenient form such data as may be necessary for valuations of the assets and liabilities of the Deferral Plan. The board shall submit annually to the TVA Board of Directors a report showing the fiscal transactions during the preceding plan year, the accumulated cash and securities of the Deferral Plan as certified by an auditor employed by the board, and a balance sheet as of the end of the plan year showing the financial condition of the Deferral Plan.

4.4 Amendments to Provisions. Subject to the limitations contained herein, the board may from time to time amend these Provisions as may be necessary to carry out the provisions and intent of the Deferral Plan Trust Agreement and the Deferral Plan.

4.5 Responsibilities. The board shall have sole and exclusive responsibility for determining under these Provisions what benefits are payable by the Deferral Plan and to whom they shall be paid; and the board's interpretation and application of the Provisions in these and all other matters pertaining to the Deferral Plan's operations and its determination of the facts in making any such application shall be final and conclusive as to all parties. The Board shall have the right to delegate to the Executive Secretary, or such other persons as it deems appropriate, the responsibilities for the day-to-day administration of the Deferral Plan including, but not limited to, initial determinations with respect to claims.

4.6 Accounts and Expenses. The board may maintain checking accounts in any national bank or banks in such amounts as may be necessary to pay accruing benefits and to defray the administrative expenses of the Deferral Plan. The board may direct TVA to pay over to it such amounts as may be necessary to meet the administrative expenses of the Deferral Plan.

ARTICLE 5

5. Management and Investment of Funds

5.1 General. The general management, custody, control, and investment of the funds of the Deferral Plan which are not required to defray administrative expenses and are not necessary for the payment of currently accruing benefits shall be vested in one or more Trustees or such functions may be divided as the board determines between a Trustee or Trustees and one or more Investment Managers, except that custody of such funds shall at all times be vested in a Trustee or Trustees. Any such Trustee shall be a corporation authorized to act as Trustee under the laws of the State of its residence, which State shall be one of the United States of America. All transfers and contributions to any such trust shall be deemed to take place at the residence of such Trustee. It is the intention that any trust established as provided in this section shall be domiciled in the State of the residence of such Trustee and shall be subject to the laws of that State.

5.2 Designation and Selection. The board shall designate and select either a Trustee or Trustees and one or more Investment Managers upon such terms and conditions and at such compensation as may to it seem appropriate; provided, however, that no such designation or selection shall not or hereafter be made without the prior approval of the Board of Directors of TVA. Upon the removal or resignation of any Trustee, another Trustee or another Trustee and one or more Investment Managers may be designated by the board and upon the removal or resignation of an Investment Manager, another Investment Manager may be designated by the board. Any of the foregoing

designations shall be made in the same manner and subject to the same approval by the Board of Directors of TVA as hereinabove provided.

5.3 Trust Agreements and Investment Managers. The board shall have authority to enter into trust agreements and investment management agreements with any Trustee or Investment Manager selected in accordance with this Article 5. Any such agreement shall be in such form and shall contain such covenants, agreements, and provisions with such Trustee and Investment Manager with respect to the trust fund and the property constituting the trust, and such limitations of the authority and the liability of the Trustee and Investment Manager as shall be approved by the board and TVA, and by agreement of the board and such Trustee and Investment such trust agreement may provide that the Trustee shall be responsible only for the moneys transferred to it by the board or TVA and shall provide that the Trustee shall transfer funds from time to time as the board may direct to the board or successor or additional trustees designated by the board. It may also provide that investments may be made without limitation to the classes of securities or property in which trustees are authorized by law or any rule of court to invest trust funds and without regard to the proportion any such securities or property may bear to the entire amount of the trust fund. It may also provide that all taxes on the trust property and all expenses incident to the investment of the trust fund may be charged against the fund. It shall provide that the assets held in the Deferral Plan, and all transactions with respect thereto, be separately accounted for as if such fund constituted a trust apart from all other assets held thereunder; provided, however, that for purposes of investing and managing Deferral Plan assets, all of the assets of the Deferral Plan may be commingled with other trust assets. It may also provide that such Trustee shall make investments only as directed by an Investment Manager. Any investment management agreement shall provide that the Investment Manager shall have authority to direct the Trustee to make investments only in securities and property of the kind in which investments are permitted under the trust agreement. Notwithstanding anything herein to the contrary, any investment management agreement shall also provide that the Investment Manager shall be held to the standard of care and diligence which applies to a corporate trustee of a pension trust governed by the laws of the state of the residence of an appropriate corporate trustee appointed hereunder. Such trust agreements and investment management agreements may also provide that any such agreement may be enforced on behalf of the participants, nominees, and beneficiaries solely by the board, who shall represent all such participants, nominees, and beneficiaries.

5.4 Authority for Funds Transfer. If current contributions to the Deferral Plan in the possession and custody of the board are not sufficient for the payment of current benefits and the expenses and disbursements which may be incurred by the Deferral Plan, the board shall have authority to require the Trustee, provided such direction is not inconsistent with the terms of the Trust Agreement with the Trustee, to pay and

transfer to a national bank for the account of the Deferral Plan such amounts as the board may deem necessary.

5.5 Prohibition. No Trustee, no Investment Manager, no member of the board, and no employee under the board shall have any direct interest in the gains or profits of any investment of the trust as agent, endorser, or otherwise other than as a participant.

5.6 Investment Funds for the Deferral Plan. All amounts contributed to the Deferral Plan, together with all earnings or other gains or losses realized on assets, shall be invested by the Trustee in accordance with the terms of the applicable trust. The Trustee will initially maintain within the trust the following as separate funds.

A. A Guaranteed Investment Contract or Guaranteed Investment Contracts which will be an investment fund or funds, the assets of which will consist of one or more group pension contracts with an insurance company or companies, as may be purchased or acquired by the Trustee, or a similar composite of funds established to provide a similar result.

B. A Mutual Fund which will be a growth and income investment fund, as may be selected by the Trustee and approved by the board.

C. A Mutual Fund which will be a growth investment fund as may be selected by the Trustee and approved by the board.

In addition, pursuant to the terms of the trust, the Trustee is authorized to keep a portion of any of the foregoing funds in cash or short-term fixed-income securities. The board may, at its election, direct the Trustee to change those funds or the board may establish other funds for the Deferral Plan and designate the type investment which will compose the new funds and which may from time to time be changed by the board. Upon establishment of any additional fund, the participants shall be given an opportunity to participate therein in accordance with these Provisions. Each of the funds of the Deferral Plan shall be administered and maintained by the board and Trustee entirely separate and apart from all other funds of the Deferral Plan. The assets in each participant's account or accounts shall be invested exclusively in funds of the Deferral Plan elected by the participant pursuant to this Article and shall be used exclusively in payment of benefits to the participant or the participant's beneficiaries as such benefits become due and payable under these Provisions.

ARTICLE 6

6. Contributions, Allocation, and Transfer

6.1 Contributions.

A. Employee's Savings Contributions. Each participant may contribute as savings contributions to one or more of the Deferral Plan funds, as the participant elects, through payroll deductions or by lump-sum contributions; provided, however, that such contributions, if through payroll deductions, shall be a percentage of the employee's compensation, or, if by lump-sum contribution, may be made subject to such limitation on frequency as the board may prescribe; provided, further, that such payroll deductions and lump-sum contributions, together with the participant's voluntary contributions to the Retirement System, may not exceed the maximum permissible under Article 9.6.

B. Salary Deferral Contributions. Each participant in the Deferral Plan may make a deferral election in accordance with Article 9.1 specifying the amount (as a percentage of the employee's compensation) and type (either Pre-tax, Roth, or a specific combination) of Salary Deferral Contributions to be withheld from the employee's compensation; provided, however, that such salary deferral contributions may not exceed the maximum permissible under Articles 9.1, 9.2, and 9.6. Salary Deferral Contributions made to the Deferral Plan as one type, either Pre-tax or Roth, may not later be reclassified as the other type.

C. Transfer Contributions. The Deferral Plan may accept transfer contributions on behalf of participants from other qualified trusts or plans. Transfer contributions may be made at such time, in such manner, and in such form as may be prescribed by the board through uniform and nondiscriminatory rules, and shall be subject to the following:

(1) Transfer contributions shall be treated as all other contributions for purposes of benefits under Article 7 and for purposes of investments under Article 5;

(2) Transfer contributions shall not be subject to Article 9, except Article 9.8, nor shall the limitations of Article 9 take into account transfer contributions; and

(3) Special withdrawal provisions set forth in Article 8 shall apply to transfer contributions.

D. Matching and Nonelective Contributions. TVA shall make matching contributions and nonelective contributions in accordance with Article 9.5. However, savings contributions, salary deferral contributions, or transfer contributions shall not, as a class, be permitted under this Deferral Plan unless such savings contributions, salary deferral contributions, or transfer contributions have been authorized by the board as a class of contributions permitted under this plan.

6.2 Changes in Contributions. A participant may from time to time and within the limits set out herein modify the rate of salary deferral or savings contributions to the Deferral Plan subject to such limitation on frequency of change as the board may prescribe.

6.3 Selection of Investment Accounts. Each participant may elect, in a manner and as frequently as determined by the board, to have future amounts contributed by the participant as savings contributions, by TVA as salary deferral contributions on behalf of the participant, by TVA as matching and nonelective contributions for the benefit of a participant, and transfer contributions on behalf of a participant invested in one or more eligible funds. If a participant fails to make the election as described, all contributions shall be invested in an appropriate balanced and diversified fund for such participant as reasonably determined by the board, which such determination shall be communicated to the participant. The election made by a participant (or made in accordance with the above if a participant fails to make the election) shall continue in effect with respect to any future contributions until the participant changes it by a further election in a manner and as frequently as determined by the board, and these changes will be made as soon as practicable.

6.4 Transfer of Investment Funds. Each participant may elect, in a manner and as frequently as determined by the board, to have all or any portion of the participant's investment in any investment fund or funds liquidated and transferred to any other eligible fund or eligible funds for Deferral Plan contributions. Such an election may be made no more frequently than as the board may provide. Liquidation and transfer will be made on such schedule as the board may establish.

6.5 Participant's Accounts. The board will maintain for each participant a Pre-tax Elective Deferral Account, a Roth Elective Deferral Account, a savings contributions account, a matching contributions account, a nonelective contributions account, and a transfer contributions account for those respective contributions. The amounts in each such account shall at all times be separately accounted for from amounts in any other account of the participant under this Deferral Plan. Investment gains and losses shall be determined at least on an annual basis as of the end of the plan year and limitation year when the assets of the trust shall be valued at fair market value and any such gains or losses shall be allocated to each participant based on the participant's account balance at the beginning of such applicable plan year or limitation year as adjusted for

withdrawals, distributions, and contributions. A participant must specify from which account a withdrawal is to be made. The transfer contributions account may provide for subaccounts to reflect the character of transferred contributions for Federal income tax purposes, if appropriate.

ARTICLE 7

7. Benefits

7.1 Retirement and Disability Benefit. By the end of the fourth month following a participant's retirement under the Rules and Regulations of the Retirement System on a service retirement allowance, a special service retirement allowance, a disability retirement allowance, or a deferred retirement allowance, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), and transfer contributions account under this Deferral Plan, unless the participant elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950). A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) dates for the distribution of such accounts so long as payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations. In lieu of the foregoing, a participant, who first became a member of the Retirement System before January 1, 1996, may, at the time the participant makes application for retirement, elect to transfer all or part of the participant's savings contribution account and the after-tax portion of the participant's transfer contribution account to the Retirement System's accumulation account for conversion to a fixed-dollar annuity or to the variable annuity fund for conversion to a variable annuity.

7.2 Benefit Upon Termination of Employment. By the end of the fourth month following a participant's termination of employment for any cause other than retirement as stated in Article 7.1 or death, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), nonelective contributions account (if nonforfeitable), and transfer contributions account, unless the participant

elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950). A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) the dates for the distribution of such accounts so long as the payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations.

7.3 Death Benefit. Upon the receipt of proper proof of death of a participant who shall have died in service (or after retirement or termination of employment but before any benefit hereunder has been paid to or on behalf of the participant), there shall be paid to such person, if any, as the participant shall have designated in writing duly filed with the board or in default of such designation to the participant's spouse or, if none, to the participant's estate, the amount of the participant's Pre-tax Elective Deferral Account, Roth Elective Deferral Account, savings contributions account, matching contributions account, nonelective contributions account, and transfer contributions account in a single payment or in multiple payments made in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations. A spouse of a participant who is the participant's beneficiary hereunder may also elect deferral of distributions to the extent permitted by Article 7.4B(2) or Article 7.4F below and the income tax regulations. Such an election may be revised at any time before distribution under it occurs as long as any deferral of the distribution provided for in the revised election is otherwise in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations. A spouse electing such a deferral may designate a beneficiary or beneficiaries who will receive a single-sum distribution of the deferred amounts in the event of the spouse's death prior to distribution provided, however, that if no beneficiary has been designated, such amounts shall be paid to the spouse's estate.

7.4 Minimum Distribution Requirements for Benefits. The provisions of this article will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

A. General Rules

(1) Precedence. The requirements of this Article will take precedence over any inconsistent provisions of this Deferral Plan.

(2) Requirements of Treasury Regulations Incorporated. All distributions required under this Article will be determined and made in accordance

with the Treasury regulations under section 401(a)(9) of the Internal Revenue Code.

(3) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Article, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA).

B. Time and Manner of Distribution

(1) Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

(2) Death of Participant Before Distributions Begin. If the participant dies before distribution begins, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in Article 7.4F below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the participant was born after December 31, 1950), if later.

(ii) If the participant's surviving spouse is not the participant's sole designated beneficiary, then except as provided in Article 7.4F below, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(iv) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this subarticle B(2), other than subarticle B(2)(i), will apply as if the surviving spouse were the participant.

For purposes of this subarticle B(2) and Article 7.4D, unless subarticle B(2)(iv) applies, distributions are considered to begin on the participant's required beginning date. If subarticle B(2)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subarticle B(2)(i). If distributions under an annuity purchased from an insurance company irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subarticle B(2)(i), the date distributions are considered to begin is the date distributions actually commence.

(3) Forms of Distribution. Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Article 7.4C and Article 7.4D. If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations.

C. Required Minimum Distributions During Participant's Lifetime

(1) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the participant's account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the participant's age as of the participant's birthday in the distribution calendar year; or

(ii) if the participant's sole designated beneficiary for the distribution calendar year is the participant's spouse, the quotient obtained by dividing the participant's account balance by the number in the

Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the ages reached by the participant and spouse as of the participant's and spouse's birthdays in the distribution calendar year.

(2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this subarticle C beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the participant's date of death.

D. Required Minimum Distributions After Participant's Death

(1) Death On or After Date Distributions Begin

(i) Participant Survived by Designated Beneficiary. If the participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the participant's death is the quotient obtained by dividing the participant's account balance by the longer of the remaining life expectancy of the participant or the remaining life expectancy of the participant's designated beneficiary, determined as follows:

(a) The participant's remaining life expectancy is calculated using the age of the participant in the year of death, reduced by one for each subsequent year.

(b) If the participant's surviving spouse is the participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(c) If the participant's surviving spouse is not the participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the

beneficiary in the year following the year of the participant's death, reduced by one for each subsequent year.

(ii) No Designated Beneficiary. If the participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the participant's death is the quotient obtained by dividing the participant's account balance by the participant's remaining life expectancy calculated using the age of the participant in the year of death, reduced by one for each subsequent year.

(2) Death Before Date Distributions Begin

(i) Participant Survived by Designated Beneficiary. Except as provided in Article 7.4F below, if the participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the participant's death is the quotient obtained by dividing the participant's account balance by the remaining life expectancy of the participant's designated beneficiary, determined as provided in subarticle D(1) above.

(ii) No Designated Beneficiary. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(iii) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the participant dies before the date distributions begin, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Article 7.4B(2)(i), this subarticle D(2) will apply as if the surviving spouse were the participant.

E. Definitions

(1) Designated beneficiary. The individual who is designated as the beneficiary under Article 7.3 above and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-4 of the Treasury regulations.

(2) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Article 7.4B(2). The required minimum distribution for the participant's first distribution calendar year will be made on or before the participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(4) Participant's account balance. The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) Required beginning date. The date specified in Articles 7.1 or 7.2 above or as otherwise determined under Article 7.4.

F. Optional Elections

(1) Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries. If the participant dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified in Article 7.4B(2) above, but the participant's

entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the participant's death. If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to either the participant or the surviving spouse begin, this election will apply as if the surviving spouse were the participant.

(2) Election to Allow Participants or Beneficiaries to Elect 5-Year Rule. Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in Articles 7.4B(2) or 7.4D(2) applies to distributions after the death of a participant who has a designated beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Article 7.4B(2), or by September 30 of the calendar year which contains the fifth anniversary of the participant's (or, if applicable, surviving spouse's) death. If neither the participant nor beneficiary makes an election under this paragraph, distributions will be made in accordance with Articles 7.4B(2) or 7.4D(2) and, if applicable, the elections in subarticle F(1) above.

G. Default to Discontinue 2009 RMDs

Notwithstanding this Article 7.4, a participant or participant's beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will not receive those distributions for 2009 unless the participant or beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2009 RMDs or Extended 2009 RMDs are eligible for direct rollover pursuant to Article 7.5.

H. Default to Discontinue 2020 RMDs

Notwithstanding this Article 7.4, a participant or participant's beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required

beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs"), will not receive those distributions for 2020 unless the participant or beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2020 RMDs or Extended 2020 RMDs are eligible for direct rollover pursuant to Article 7.5.

7.5 Direct Rollover of Certain Distributions

A. This section applies to certain distributions made on or after December 31, 2001. Notwithstanding any article of these provisions to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect at the time and in the manner prescribed by the board to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

B. The following definitions apply to the terms used in this section:

(1) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; any hardship distribution; and the portion of any distribution that is not includable in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (i) an individual retirement account or annuity described in section 408(a) or (b) of the Code; (ii) for taxable years beginning after December 31, 2001, and before January 1, 2007, to a qualified trust which is part of a defined contribution plan that agrees

to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible; or (iii) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in section 403(b) of the Code, if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which includible in gross income and the portion of such distribution which is not so includible.

(2) An "eligible retirement plan" is an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency of instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Deferral Plan, an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, an annuity contract described in section 403(b) of the Code, or a qualified defined contribution plan described in section 401(a) of the Code that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

(3) A "distributee" includes a participant or former participant. In addition, the participant's or former participant's surviving spouse and the participant's or former participant's spouse or former spouse who is the alternate payee under a domestic relations order, as set forth in the Appendix, are distributees with regard to the interest of the spouse or former spouse. A distribute also includes the participant's non-spouse designated beneficiary under Article 12. In the case of a non-spouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in section 408(a) or 408(b) of the Code ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Code. Also, in this case, the determination of any required minimum distribution under section 401(a)(9) of the Code that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

(4) A "direct rollover" is a payment by the Deferral Plan to the eligible retirement plan specified by the distributee.

C. Direct Rollovers of Roth Elective Deferrals

(1) A direct rollover of a distribution from a Roth Elective Deferral Account will only be made to another Roth elective deferral account under an applicable retirement plan described in section 402A(e)(1) of the Code or to a Roth IRA described in section 408A of the Code, and only to the extent the rollover is permitted under the rules of section 402(c) of the Code.

(2) The Deferral Plan will accept a rollover contribution to a Roth Elective Deferral Account only if it is a direct rollover from another Roth elective deferral account under an applicable retirement plan described in section 402A(e)(1) and only to the extent the rollover is permitted under the rules of section 402(c) of the Code.

(3) The Deferral Plan will not provide for a direct rollover for distributions from a participant's Roth Elective Deferral Account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than $200 during a year. In addition, any distribution from a participant's Roth Elective Deferral Account is not taken into account in determining whether distributions from a participant's other accounts are reasonably expected to total less than $200 during a year. However, eligible rollover distributions from a participant's Roth Elective Deferral Account are taken into account in determining whether the total amount of the participant's account balances under the Deferral Plan exceeds $1,000 for purposes of mandatory distributions from the Deferral Plan pursuant to Article 7.6.

(4) The Provisions of the Deferral Plan that allow a participant to elect a direct rollover of only a portion of an eligible rollover distribution but only if the amount rolled over is at least $500 is applied by treating any amount distributed from the participant's Roth Elective Deferral Account as a separate distribution from any amount distributed from the participant's other accounts in the Deferral Plan, even if the amounts are distributed at the same time.

D. Rollovers from Other Plans. The Deferral Plan will accept participant rollover distributions and/or direct rollovers of distributions made after December 31, 2001 as follows:

(1) Direct Rollovers. The Deferral Plan will accept a direct rollover of an eligible rollover distribution from: (i) a qualified plan described in section 401(a) or 403(a) of the Code, including after-tax employee contributions;

(ii) an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions; or (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or agency or instrumentality of a state or political subdivision of a state.

(2) Participant Rollover Contributions from Other Plans. The Deferral Plan will accept a participant contribution of an eligible rollover distribution from: (i) a qualified plan described in section 401(a) or 403(a) of the Code; (ii) an annuity contract described in section 403(b) of the Code; or (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

(3) Participant Rollover Contributions from IRAs. The Deferral Plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

E. In-Plan Roth Rollovers. On or after April 1, 2019, the Deferral Plan will accept an in-plan Roth rollover distribution from the vested portion of any of the following Accounts of a participant, retired participant, or spousal beneficiary (including an alternate payee who is a spouse or former spouse) under the Deferral Plan: (i) a Pre-tax Elective Deferral Account; (ii) a Savings Contributions Account; (iii) a Matching Contributions Account; (iv) a Nonelective Contributions Account; and (v) a Transfer Contributions Account (excluding any amounts transferred from the Retirement System in a plan-to-plan transfer pursuant to a participant's election described in Articles 9.5A(7) and 9.5B(5)). Eligible in-plan Roth rollover distributions will be transferred to the participant's Roth Elective Deferral Account, and the Deferral Plan will maintain such records as are necessary for the proper reporting of in-plan Roth rollovers.

7.6 Lump-Sum Payment of Small Account Balances. If at any time after the fourth month following a participant's termination of employment for any reason, including death, the entire amount to the credit of the participant in the Deferral Plan shall be less than $1,000, the amount to the participant's credit shall be distributed in a single lump sum to the participant, or the participant's beneficiary in the event of the participant's death, without regard to whether the participant or the participant's beneficiary has consented to such distribution.

ARTICLE 8

8. Withdrawals and Loans

8.1 Financial Hardship. Distribution of amounts from a participant's Pre-tax Elective Deferral Account, Roth Elective Deferral Account, and Transfer Contributions Account may be made to a participant in the event of hardship. For the purposes of this section, hardship is defined as an immediate and heavy financial need of the participant where such participant lacks other available resources. Hardship distributions are subject to the spousal consent requirements contained in section 401(a)(11) and 417 of the Code.

Special Rules:

A. The following are the only financial needs considered immediate and heavy: deductible medical expenses (within the meaning of section 213(d) of the Code) of the participant, the participant's spouse, children, dependents, or primary beneficiary; the purchase (excluding mortgage payments) of a principal residence for the participant; payment of tuition for the next quarter or semester of postsecondary education for the participant, the participant's spouse, children, dependents, or primary beneficiary; the need to prevent the eviction of the participant from, or a foreclosure on the mortgage of, the participant's principal residence; payments for funeral or burial expenses for the participant's deceased parent, spouse, child, dependent, or primary beneficiary; expenses to repair damage to the participant's principal residence that would qualify for a casualty loss deduction under section 165 of the Code (determined without regard to section 165(h)(5) of the Code and whether the loss exceeds 10 percent of adjusted gross income); and expenses and losses (including loss of income) incurred by the participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA), provided that the participant's principal residence or principal place of employment at the time of the disaster was located in the area designated by FEMA for individual assistance with respect to the particular disaster. For purposes of this section, "primary beneficiary" means an individual who is named as the participant's beneficiary under Article 12.4 of the Deferral Plan.

B. A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the participant only if:

(1) The participant has obtained all other available distributions, other than hardship distributions and loans, under the Deferral Plan and all other plans of deferred compensation maintained by the Retirement System and TVA;

(2) The distribution is not in excess of the amount of an immediate and heavy financial need; and

(3) The participant represents that the participant has insufficient cash or liquid assets reasonably available to satisfy the financial need.

8.2 Withdrawals After Participant Reaching Age 59 ½. Upon the participant's application to withdraw part or all of the participant's Pre-tax Elective Deferral Account or Roth Elective Deferral Account after the participant has reached age 59 ½, the participant shall be paid in a lump sum that amount of the participant's Pre-tax Elective Deferral Account or Roth Elective Deferral Account, respectively, as the participant requests. The tax consequences of any such withdrawals shall be determined by Internal Revenue Service rules applicable to such accounts.

8.3 Savings Contributions. In addition to the other times for distribution of a participant's savings contributions, as provided in Article 7, a participant may, with the board's approval, withdraw in a single sum a percentage or all of the participant's savings contributions subject to such limitation on frequency and percentage as the board may prescribe.

8.4 Time of Payment of Withdrawals. Withdrawals under this Article 8 shall be paid to a participant following the date (a) on which the board approved the withdrawal due to financial hardship under Article 8.1, or (b) on which the participant files an application under Articles 8.2 or 8.3, upon such schedules as determined by the board.

8.5 Transfer Contributions. Withdrawal of transfer contributions shall be governed by the applicable withdrawal provisions pertaining to the character of the contributions for Federal income tax purposes which have been transferred. Further, any amounts transferred from the Retirement System in a plan-to-plan transfer pursuant to a participant's election described below in Articles 9.5A(7) and 9.5B(5) shall be separately accounted for and shall not be eligible for distribution under Articles 8.1, 8.2, and 8.6 of the Deferral Plan.

8.6 Loans. On or after October 1, 1988, the board may, in its sole discretion, authorize a loan to a participant who is an active employee of an amount from the participant's accounts subject to the following:

A. A participant's loan, when added to the balance of any other outstanding loans the participant may have, shall not exceed the lesser of:

(1) $50,000 reduced by the excess (if any) of (i) the highest outstanding loan balance of the participant's loans outstanding during the immediately prior 12-month period (ending the day before the new loan is granted)

over, (ii) the total of all outstanding loans on the day the new loan is granted; or

(2) The greater of:

(i) The total accrued benefit of the participant up to $10,000, or

(ii) One-half of the present value of the nonforfeitable accrued benefit of the participant under this Deferral Plan.

B. In addition to such other uniform conditions as the board may adopt regarding loans, the following terms and conditions shall apply:

(1) All loans shall be subject to the approval of the board and shall be made available to all participants on a reasonably equivalent basis.

(2) An application for a loan by a participant shall be made in writing to the board, whose action thereon shall be final, and all loans must be evidenced by a written loan agreement signed by all relevant parties to the loan and evidenced by a promissory note of the borrower whereby such person personally guarantees the repayment of the loan including interest thereon.

(3) The period of repayment for any loan shall be arrived at by mutual agreement between the board and the participant, but all loans shall become due and payable upon termination of employment notwithstanding any amortization schedule, unless the participant meets the conditions of any automatic loan repayment mechanism established by the board; and a loan, by its terms, shall be required to be repaid within 5 years, except any loan used for the purpose of acquiring any dwelling unit, which within a reasonable time is to be used as the participant's principal residence, may exceed a 5-year repayment period.

(4) Each loan shall be made at a reasonable rate of interest determined by the board and shall be secured by the balance remaining in the participant's accounts, and/or by such other security as the board may deem to be adequate. The determination of a reasonable rate of interest will depend on such factors as the amount of the loan, adequacy of the security, duration of the loan, the repayment schedule, current market conditions, a variable or fixed rate of interest, and other economic and time factors the board deems relevant.

(5) Each loan shall be treated as a separate investment of the funds credited to such participant's account, and the board shall reduce such participant's accounts in any eligible funds pro rata based on the participant's fund balances at the time of the loan application. Payments by a participant on any such loan shall be credited to such participant's accounts in the various eligible funds in the same proportions as the participant's salary deferral contributions are made to such funds at the time such loan payments are made.

(6) No distribution shall be made to any participant or former participant or to a beneficiary of any such participant unless and until all unpaid loans to such participant or former participant, including accrued interest thereon, have been liquidated.

(7) No participant can have more than one loan outstanding at any time.

(8) Repayment of loans shall be by payroll deduction, or other approved method, on a level amortization basis (with payments not less frequently than quarterly) except that a participant may prepay outstanding principal balance of a loan at any time.

(9) The board shall also notify the participant that to the extent the participant's loan is secured by the balance in the participant's Pre-tax and/or Roth Elective Deferrals Accounts, no interest deduction is allowable.

(10) No loan to a participant shall exceed the present value of the participant's vested accrued benefit.

(11) In the event of default, foreclosure on the note and attachment of security shall not occur until a distributable event occurs.

C. Loan repayments will be suspended under this plan as permitted under section 414(u)(4) of the Internal Revenue Code.

D. "Coronavirus-Related Loans." Notwithstanding any provision of this plan to the contrary, the following special rule applies to loans made to a participant who is a Qualified Individual:

(1) For a participant who is a Qualified Individual, and who has an outstanding loan on or after March 27, 2020, the due date of any loan repayment that is due during the period beginning on March 27, 2020 and ending on December 31, 2020, shall be delayed for a period not to

exceed one year. Any subsequent repayments with respect to such loan shall be adjusted to reflect the delay and any interest accruing during such delay. The 5-year loan repayment schedule (or a primary residence loan repayment schedule) required under section 72(p) of the Code shall be appropriately adjusted to reflect the period during which loan payments are delayed.

(2) "Qualified Individual" means an individual:

(i) Who was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention ("CDC");

(ii) Whose spouse or dependent was diagnosed with such virus or disease by a test approved by the CDC;

(iii) Who experienced adverse financial consequences as a result of being quarantined, being furloughed, being laid off, or having his work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, the closing or reduction of hours of his or her business due to such virus or disease;

(iv) Who experiences adverse financial consequences as a result of a reduction in pay (or self-employment income) or has a job offer rescinded or start date delayed due to such virus or disease;

(v) Who experiences adverse financial consequences as a result of the individual's spouse or member of the individual's household being quarantined, being furloughed, being laid off, or having work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, having a reduction in pay (or self-employment income) or having a job offer rescinded or start date delayed due to such virus or disease;

(vi) Who experiences adverse financial consequences as a result of the closing or reducing hours of a business owned or operated by the individual's spouse or member of the individual's household due to such virus or disease; or

(vii) Who satisfies any other factors, as determined by the Secretary of the Treasury (or the Secretary's delegate).

For purposes of this Article 8.6 and Article 8.8, a member of the individual's household is someone who shares the individual's principal residence.

8.7 Withdrawals Under Domestic Relations Orders. A former spouse, designated as such under a domestic relations order, which meets the requirements of section 414(p)(1)(A)(i) of the Code and is in accord with the procedures on domestic relations orders included in the Appendix to the Rules and Regulations, may withdraw the share of the participant's plan account awarded by the domestic relations order to the former spouse, even if such withdrawal is made prior to the date the participant would have been eligible to make a withdrawal from the participant's plan account or would have reached earliest retirement age under these Provisions.

8.8 Coronavirus-Related Distributions. Notwithstanding any provision of this Plan to the contrary, the following special rules apply to a participant (including a terminated participant) who is a Qualified Individual who received a coronavirus-related distribution:

A. A coronavirus-related distribution shall be treated as meeting the requirements of section 401(k)(2)(B)(i) of the Code and shall not be subject to the tax treatment that applies to an eligible rollover distribution (as defined in Article 7.5) under sections 401(a)(31), 402(f), and 3405 of the Code.

B. Section 72(t) of the Code shall not apply to a coronavirus-related distribution. Unless the Qualified Individual elects otherwise, any coronavirus-related distribution that would be included in the Qualified Individual's gross income for the taxable year of the distribution shall be included in gross income ratably over a three-year period beginning in the year of the distribution.

C. The aggregate amount of coronavirus-related distributions shall not exceed the excess (if any) of (i) $100,000 over (ii) the aggregate amounts treated as coronavirus-related distributions received by the Qualified Individual from all plans maintained for employees of TVA.

D. A Qualified Individual who received a coronavirus-related distribution may, at any time during the three-year period beginning on the day after receipt of the coronavirus-related distribution, make one or more repayments to the Deferral Plan in an aggregate amount not to exceed the amount of the coronavirus-related distribution. Amounts repaid hereunder shall be treated as trustee-to-trustee transfers within 60 days of the distribution and shall be credited to the Qualified Individual's Deferral Plan account.

E. A Qualified Individual will certify, in accordance with the rules prescribed by the Board, that he or she meets the requirements of a Qualified Individual, and the Board and its delegate may rely on such certification.

F. "Coronavirus-related distribution" means any distribution on or after March 27, 2020 and before December 31, 2020 to an eligible individual.

G. For purposes of this Article 8.8, "Qualified Individual" has the meaning set forth in Article 8.6D(2).

ARTICLE 9

9. Contribution Limits

9.1 Salary Deferral Contributions

A. An employee may elect, in writing in a manner and as frequently as determined by the board, to receive from TVA (1) the employee's compensation; or (2) a portion of the employee's compensation and to defer receipt of the balance of the employee's compensation by having TVA contribute it to the employee's Pre-tax Elective Deferral Account and/or Roth Elective Deferral Account under this Deferral Plan. An employee who is eligible to participate on the date this Deferral Plan first becomes operational on October 1, 1987, may make that election at any time prior to such date, and the election shall be effective October 1, 1987. A person who first becomes eligible to participate after the Deferral Plan becomes operational on October 1, 1987, may make that election at the time and in a manner as prescribed by the board.

B. The deferred portion of the employee's compensation shall be designated as a percentage of the employee's compensation and shall be subject to the applicable limits contained in this Article 9.

C. If a participant fails to make a deferral election as set forth in this Article 9.1, then an amount equal to six percent (6%) of the employee's compensation shall be deferred in accordance with this Article 9.1. Such deferrals shall be designated as Pre-tax Elective Deferrals on behalf of the participant and shall be invested as set forth in Article 6. This default deferral election shall continue in effect with respect to any future compensation of the employee until the participant changes it by a further election in a manner as determined by the board, and these changes will be made as soon as practicable.

D. Once filed, an election under this Article is irrevocable as to compensation which has been earned and paid during the applicable plan year; provided, however, that an employee who has elected to defer a portion of the employee's compensation may change or terminate that deferral as to future amounts which would otherwise be contributed by TVA to the Deferral Plan by filing a written notice with the board, and thereafter as soon as practicable after the board's receipt of the notice TVA shall change or cease its contributions to the employee's account and shall pay the employee at the changed rate of compensation.

E. TVA's contribution to this Deferral Plan of the deferred portion of an employee's compensation shall be in lieu of and shall fully discharge TVA's obligation to pay that amount as salary or wages to the employee.

F. TVA agrees to contribute to the Deferral Plan for each plan year the appropriate amount determined for each participant under this Article as required to make the contributions in accord with this Article 9. Effective for plan years beginning after December 31, 1985, TVA shall, notwithstanding any other provision of this plan, make all contributions to the plan without regard to current or accumulated earnings and profits for the taxable year or years ending with or within such plan year. Notwithstanding the foregoing sentence, the plan shall continue to be designed to qualify as a profit-sharing plan for purposes of applicable sections of the Code.

G. TVA contributions shall be paid biweekly to the Deferral Plan on the date on which the participant's pay would have been paid had the participant not elected to defer a portion of compensation.

9.2 Limitations on Salary Deferral Contributions. Notwithstanding anything to the contrary in Article 9.1, the following limitations shall apply to salary deferral contributions for limitation years beginning after December 31, 2001.

A. No participant shall be permitted to have elective deferrals made under the Deferral Plan in excess of the dollar limitation contained in section 402(g) of the Code in effect for such taxable year, except to the extent permitted under Article 9.2B below and section 414(v) of the Code, if applicable.

B. All participants who are eligible to make elective deferrals under the Deferral Plan and who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Deferral Plan implementing the required limitations of sections 402(g) and 415 of the Code.

The Deferral Plan shall not be treated as failing to satisfy the provisions of the plan implementing the requirements of sections 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reasons of the making of such catch-up contributions.

9.3 Distribution of Excess Deferrals

A. Notwithstanding any other provision of this Deferral Plan, excess deferral amounts and income allocable thereto shall be distributed no later than April 15, 1988, and each April 15 thereafter to participants who claim such allocable excess deferral amounts for the preceding calendar year. For years beginning after 2005, distribution of excess deferral amounts for a year shall be made first from the participant's Pre-tax Elective Deferral Account, to the extent Pre-tax Elective Deferrals were made for the year, unless the participant specifies otherwise.

B. For purposes of this Article 9.3, excess deferral amount shall mean the amount of salary deferral contributions for a calendar year that the participant allocates to this plan pursuant to the claim procedure set forth next below.

C. The participant's claim shall be in writing; shall be submitted to the board no later than March 31; shall specify the participant's excess deferral amount for the preceding calendar year; and shall be accompanied by the participant's written statement that if such amounts are not distributed, such excess deferral amount, when added to amounts deferred under other plans or arrangements described in section 401(k), 408(k) or 403(b) of the Code, exceeds the limit imposed on the participant by section 402(g) of the Code for the year in which the deferral occurred.

D. The excess deferral amount distributed to a participant with respect to the 2007 calendar year shall include gap-period investment earnings (gains or losses with respect to the excess deferral amount for the period after the close of the calendar year and before the distribution). If there is a loss allocable to the excess deferral, the excess deferral amount shall in no event be less than the lesser of the total amount of contributions in the participant's Pre-tax and Roth Elective Deferral Accounts under this Deferral Plan or the participant's Pre-tax and Roth Elective Deferrals for the plan year.

9.4 Savings Contributions. For a plan year, each employee may elect to contribute to the Deferral Plan as savings contributions any whole percentage or a stated amount subject to such limitations as may be prescribed by the board and subject to the applicable Provisions of this Article 9.

9.5 TVA Contributions

A. Matching Contributions. TVA shall, for each plan year, make matching contributions to the Deferral Plan as follows:

(1) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System; (b) who first became a member of the System prior to January 1, 1996; and (c) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 75 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) as does not exceed six percent of the participant's compensation for the plan year; and

(2) on behalf of each employee (a) who is a participant in the original benefit structure as defined in section 6 of the Rules and Regulations of the System, and (b) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 25 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) as does not exceed six percent of the participant's compensation for the plan year; and

(3) on behalf of each employee (a) who (i) first became a member of the System prior to July 1, 2014, (ii) terminated employment with TVA and is reemployed by TVA on or after July 1, 2014, and (iii) either terminated employment with TVA without five (5) years of creditable service or cash balance service, as applicable, or at the time of termination of employment with TVA, received his or her entire benefit in a single, lump-sum payment as set forth in sections 6K, 6L or 7D4 of the Rules and Regulations, as applicable; (b) whose retirement benefit is composed solely of the benefit accrued as a participant under this Deferral Plan as set forth in section 2(5) of the Rules and Regulations of the System; and (c) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 75 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) made on or after July 1, 2014, as does not exceed six percent of the participant's compensation for the plan year; and

(4) on behalf of each employee (a) who first became a member of the System on or after July 1, 2014; (b) whose retirement benefit is composed solely of the benefit accrued as participant under this Deferral Plan as set forth in section 2(5) of the Rules and Regulations of the

System; and (c) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 75 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) made on or after July 1, 2014, as does not exceed six percent of the participant's compensation for the plan year; and

(5) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System; (b) who first became a member of the System on or after January 1, 1996; (c) who has ten (10) or more years of cash balance service as of October 1, 2016; and (d) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 75 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) as does not exceed six percent of the participant's compensation for the plan year; and

(6) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System; (b) who first became a member of the System on or after January 1, 1996; (c) who has less than ten (10) years of cash balance service as of October 1, 2016; and (d) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 100 percent of such portion of the participant's salary deferral contributions and savings contributions (combined) as does not exceed six percent of the participant's compensation for the plan year.

(7) on behalf of each employee (a) who (i) is a cash balance participant as defined in section 7 of the Rules and Regulations of the System and elected to earn future retirement benefits composed solely of the benefits accrued as a participant in the Deferral Plan as permitted by section 7B5(a) of the Rules and Regulations of the System or upon reemployment pursuant to section 7J2 or section 7J4 of the Rules and Regulations of the System, or (ii) was such a cash balance participant described under subsection (i) above with a Cash Balance Account and made the election to transfer said Cash Balance Account to the Deferral Plan as permitted by section 7B5(b) of the Rules and Regulations of the System or upon reemployment pursuant to section 7J2 or section 7J4 of the Rules and Regulations of the System; and (b) who made salary deferral contributions and/or savings contributions for that plan year, a matching contribution equal to 100 percent of such portion of the participant's salary deferral contributions and savings contributions

(combined) as does not exceed six percent of the participant's compensation for the plan year.

To the extent permitted by the plan year compensation limit, TVA's matching contributions shall be paid to the Deferral Plan on the same date that the salary deferral contributions and/or savings contributions to which they relate are paid. Any otherwise eligible matching contributions deferred due to the plan year compensation limit shall be paid effective the first pay day that the limitation permits. A participant shall have a nonforfeitable interest in the balance of his or her matching contributions account upon completion of three (3) years of actual service as defined below. If a participant ceases to be an employee for any reason other than death or disability prior to completing three (3) years of actual service, the entire amount of that participant's matching contributions account shall be forfeited as of the date the participant ceases to be an employee. Forfeitures may be used (i) to reduce TVA's matching contributions to the Deferral Plan for the plan year in which such forfeitures occur, or (ii) for allowable expenses for the administration of the Deferral Plan for the plan year in which such forfeitures occur or for the plan year following the plan year in which such forfeitures occur. "Actual service" as used herein shall mean all service as a TVA employee. "Disability" as used herein shall mean an employee who is determined to be disabled under TVA's long-term disability insurance plan.

B. Nonelective Contributions. TVA shall, for each plan year, make nonelective contributions to the Deferral Plan as follows:

(1) on behalf of each employee (a) who (i) first became a member of the System prior to July 1, 2014, (ii) terminated employment with TVA and is reemployed by TVA on or after July 1, 2014, and (iii) either terminated employment with TVA without five (5) years of creditable service or cash balance service, as applicable, or at the time of termination of employment with TVA, received his or her entire benefit in a single, lump-sum payment as set forth in sections 6K, 6L or 7D4 of the Rules and Regulations, as applicable; and (b) whose retirement benefit is composed solely of the benefit accrued as a participant under this Deferral Plan as set forth in section 2(5) of the Rules and Regulations of the System; a nonelective contribution equal to four and one-half percent (4.5%) of the participant's compensation; and

(2) on behalf of each employee (a) who first became a member of the System on or after July 1, 2014; and (b) whose retirement benefit is composed solely of the benefit accrued as a participant under this Deferral Plan as set forth in section 2(5) of the Rules and Regulations of

the System; a nonelective contribution equal to four and one-half percent (4.5%) of the participant's compensation; and

(3) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System, (b) who first became a member of the System on or after January 1, 1996, and (c) who has ten (10) or more years of cash balance service as of October 1, 2016; a nonelective contribution equal to three percent (3%) of the participant's compensation; and

(4) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System, (b) who first became a member of the System on or after January 1, 1996, and (c) who has less than ten (10) years of cash balance service as of October 1, 2016; a nonelective contribution equal to six percent (6%) of the participant's compensation.

(5) on behalf of each employee (a) who is a cash balance participant as defined in section 7 of the Rules and Regulations of the System who elected to earn future retirement benefits composed solely of the benefits accrued as a participant in the Deferral Plan as permitted by section 7B5(a) of the Rules and Regulations of the System or upon reemployment pursuant to section 7J2 or section 7J4 of the Rules and Regulations of the System, or (b) who was such a cash balance participant described under subsection (i) above with a Cash Balance Account and made the election to transfer said Cash Balance Account to the Deferral Plan as permitted by section 7B5(b) of the Rules and Regulations of the System or upon reemployment pursuant to section 7J2 or section 7J4 of the Rules and Regulations of the System, a nonelective contribution equal to six percent (6%) of the participant's compensation.

To the extent permitted by the plan year compensation limit, TVA's nonelective contributions shall be paid to the Deferral Plan on the same date that compensation is paid to the employee. A participant shall have a nonforfeitable interest in the balance of his or her nonelective contributions account upon completion of three (3) years of actual service as defined below. If a participant ceases to be an employee for any reason other than death or disability prior to completing three (3) years of actual service, the entire amount of that participant's nonelective contributions account shall be forfeited as of the date the participant ceases to be an employee. Forfeitures may be used (i) to reduce TVA's nonelective contributions to the Deferral Plan for the plan year in which such forfeitures occur, or (ii) for allowable expenses for the administration of the Deferral Plan for the plan year in which such forfeitures occur or for the plan

year following the plan year in which such forfeitures occur. "Actual service" as used herein shall mean all service as a TVA employee. "Disability" as used herein shall mean an employee who is determined to be disabled under TVA's long-term disability insurance plan.

9.6 Limitation on Total Contributions

A. Notwithstanding any provision of the Deferral Plan to the contrary, the Deferral Plan shall comply with the maximum contribution limits under section 415 of the Code and the applicable Treasury Regulations thereunder, as adjusted pursuant to section 415(d) of the Code, and such requirements are incorporated into the Deferral Plan by reference.

B. To the extent permitted by applicable law, the board may take any such action it deems necessary, in its sole discretion, including, but not limited to, returning contributions pursuant to ERISA, applicable Internal Revenue Service guidance, and any subsequent guidance thereto, to comply with the requirements of this Article 9.6.

C. For limitation years beginning prior to July 1, 2007, to the extent that the Code section 415(c) limits are exceeded, excess contributions shall first be withdrawn from a Participant's Pre-tax Elective Deferral Account and/or Roth Elective Deferral Account, then the Participant's savings contributions, and then voluntary employee contributions to the Retirement System.

9.7 Definitions for Purposes of Article 9.6

A. "Compensation" means compensation within the meaning of Treasury Regulation section 1.415(c)-2(d)(4) and as otherwise required under Treasury Regulation 1.415(c)-2.

B. "Limitation Year" means the calendar year.

9.8 Transfer Contributions. Transfer contributions may be accepted by the Deferral Plan subject to such limitations as may be prescribed by the board in accordance with Article 6.1.

9.9 Uniformed Services Employment and Reemployment Rights Act. Notwithstanding any provision of this plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Internal Revenue Code. In addition, the survivors of any participant who dies on or after January 1, 2007, while performing qualified military service, are entitled to any additional benefits (including contributions and vesting service credit relating to the

period of qualified military service, and any ancillary life insurance or other survivor benefits) that would have been provided under the plan had the participant resumed employment on the day preceding the participant's death and then terminated employment on account of death.

ARTICLE 10

10. Method of Accounting

10.1 Establishment of Accounts. The board shall maintain such accounts as are necessary to provide appropriate financial information for making at least an annual evaluation of the assets and liabilities of the Deferral Plan for both plan year and limitation year purposes.

10.2 Distributions Deducted from Participant's Account. The amount of any benefit paid to or for the account of any participant, and any amount distributed as a hardship withdrawal or otherwise withdrawn or distributed, shall be deducted from the appropriate account of the participant.

ARTICLE 11

11. TVA's Obligations, Vested Benefits, and Plan Termination

11.1 TVA's Obligations. It is TVA's intention to continue this Deferral Plan indefinitely and to make contributions as provided in these Provisions and to pay each participant the amount of the participant's compensation either through salary or wages or through contributions to the participant's Pre-tax Elective Deferral Account and/or Roth Elective Deferral Account under this Deferral Plan and salary or wages. However, except as to authorized contributions which have become due and payable, nothing contained herein shall be construed as obligating TVA in any way to make contributions to the Deferral Plan, or as conferring any rights upon any employee or other persons against TVA, or as impairing the right of TVA to treat every employee without regard to the existence of the Deferral Plan; and, except as to authorized contributions which have become due and payable, TVA reserves the right in its discretion to discontinue or reduce contributions to the Deferral Plan at any time, and TVA further reserves the right in its discretion to revoke and terminate the Deferral Plan at any time. Nothing contained herein shall be construed as entitling any employee of TVA to be continued in

employment or to continue to receive a particular salary or wage. The expenses of administering the Deferral Plan shall be paid by TVA.

11.2 Vested Benefits. All contributions made by TVA on behalf of a participant (salary deferral contributions), all contributions made by a participant (savings contributions), all transfer contributions, and gains and losses thereon pursuant to this Deferral Plan shall at all times be fully vested in the participant and nonforfeitable. Notwithstanding any provision of the Deferral Plan to the contrary, the Deferral Plan must meet the vesting requirements of section 401(a)(4) of the Code and section 401(a)(7) of the Code as in effect on September 1, 1974. In the event of the termination of the Deferral Plan or a complete or permanent discontinuance of contributions thereunder by TVA or the Board, any individual who is a participant at such time shall be 100% vested in his or her Deferral Plan accrued benefits to the extent required by section 401(a)(7) of the Code as in effect on September 1, 1974. For purposes of this Deferral Plan, normal retirement age shall mean age 65 and three years of actual service as defined in Article 9.5 of the Deferral Plan.

11.3 Plan Termination. TVA or the board may terminate the Deferral Plan at any time and the board may terminate any one or more of the investment funds at any time. In either event, the board will liquidate the assets in the funds and distribute the proceeds thereof among the participants in proportion to their respective equities in the funds or at the election of each participant transfer the equities to any remaining funds. Payment shall be in a single sum, unless the participant elects to have the funds transferred in accordance with one or more settlement options provided under a group pension contract. Promptly upon the termination of the Deferral Plan, the board shall make such arrangements as it deems necessary or appropriate to assure payment of nonforfeitable benefits based on contributions to participants' accounts. Such arrangements shall include provision, within the discretion of the board, for either payment to, or application of such payment for the benefit of, each participant, retiree, or beneficiary entitled to such benefits as of the date of the termination of Deferral Plan, in the amount of any account of such participant, retiree, or beneficiary as a result of prior contributions. No such termination of the Deferral Plan shall affect the obligations of TVA set out in this Article, and the board shall continue its responsibilities under this Deferral Plan for as long as may be necessary to perform its obligations hereunder.

ARTICLE 12

12. Miscellaneous Provisions

12.1 Special Membership. Upon the request of TVA and with the approval of the board, employees of TVA who are not eligible employees under Article 3 may be allowed to participate and at such time shall be considered as employees within the meaning of these Provisions, subject to such conditions in respect to contributions and benefits as may be approved by TVA.

12.2 Extension of Time for Filing. The board may for good cause shown and in its sole discretion grant additional time within which any application, notice, or other instrument pertaining to the contributions and benefits provided under the Deferral Plan may be filed; provided, however, that as a condition of granting such extension of time, the board may require a fee to the extent deemed appropriate by the board to compensate the Deferral Plan for any loss or special expense incurred as the direct result of such extension.

12.3 Prescribed Information. Enrollment, applications pertaining to contributions and benefits, including the withdrawal of contributions, and designations or changes of beneficiary shall be made in such manner as may be prescribed or authorized by the board.

12.4 Beneficiary Designations. A participant (which for the purposes of this paragraph shall include a retired participant) may designate the beneficiary to receive any benefits payable under this Deferral Plan upon the participant's death, and the participant may change such designation at any time in accordance with such conditions as the board shall prescribe and without the knowledge or consent of any previously designated beneficiary. In the event a participant does not designate a beneficiary and the participant is married, the participant's current spouse shall be deemed to be the participant's default beneficiary. Except as specifically provided hereinabove, a participant's right to designate and change the participant's beneficiary shall remain unrestricted at all times, and any encumbrance or restriction of such right, either voluntary or involuntary, is expressly prohibited. Notwithstanding any attempted restriction of this right, the Deferral Plan will recognize and honor any subsequent change in beneficiary by said participant which is prepared and filed in accordance with the requirements of these Provisions, the applicable forms, and resolutions of the board. The designation of a participant's spouse as the beneficiary to receive any benefit payable hereunder upon the participant's death shall be automatically revoked by a final decree of divorce dissolving their marriage, and unless the participant has thereafter remarried or designated a new beneficiary in accordance with these Provisions, the applicable forms, and resolutions of the board, the benefit otherwise

payable on the death of the participant shall be paid to the participant's estate; provided that this provision shall not prevent the participant from redesignating the divorced spouse as the beneficiary by properly filing a new designation form for that purpose.

12.5 No Liability. Neither the board, the Retirement System, the TVA Board, TVA, the United States of America, nor any officer, employee, attorney, or agent thereof, shall incur any liability (whether or not such arises from negligence on their part) on account of any loss or decrease in the value of the assets of any fund in the Deferral Plan, or in the amount of any participant's account, resulting from the decrease or depreciation in the value of or earnings on any investment.

12.6 Efficacy of the Board's Determinations. The board shall have sole and exclusive responsibility for determining under these Provisions what benefits are payable under this Deferral Plan and to whom they shall be paid; and the board's interpretation and application of these Provisions in these and all other matters pertaining to the Deferral Plan's operations and its determination of the facts in making any such application shall be final and conclusive as to all participants, parties, and persons. Notwithstanding the foregoing, the Board shall have the right to delegate to the Executive Secretary or such other persons as it deems appropriate the responsibilities for the day-to-day administration of the Deferral Plan.

12.7 Bylaws and Resolutions. The board may adopt bylaws and resolutions for conducting the affairs of this Deferral Plan.

12.8 Assignment Prohibited. Except as provided by section 659 of Title 42 of the United States Code or by a domestic relations order which meets the requirements of section 414(p)(1)(A)(i) of the Code and is in accord with the procedures on domestic relations orders included in the Appendix to the Rules and Regulations, no transfer, assignment, pledge, seizure, or other voluntary or involuntary alienation or encumbrance of any benefit provided hereunder will be permitted or recognized, and in the event of any such attempted alienation or encumbrance (including specifically, but without limitation, any attempted attachment, levy, execution, garnishment, or other legal process affecting such benefit), the board may in its uncontrolled discretion declare the said benefit to be temporarily or permanently forfeited by the participant or beneficiary thereof and, in lieu of paying or applying the same to or for such participant or beneficiary, may in its uncontrolled discretion pay or apply such benefit temporarily or permanently to or for the use of any persons who are dependents of, or are related by blood, marriage, or adoption to, such participant or beneficiary.

12.9 Amendments to Provisions. These Provisions may be amended by the board from time to time, provided that the board gives at least 30 days' notice of the proposed amendment to TVA and to the participants by posting notices on generally accessible

TVA bulletin boards, and further provided that TVA may, by notice in writing addressed to the board within said 30 days, veto any such proposed amendment, in which event it shall not become effective. No amendment to these Provisions shall be adopted which will reduce the existing balance of any participant's Pre-tax Elective Deferral Account, Roth Elective Deferral Account, savings contributions account, matching contributions account, nonelective contributions account, transfer contributions account, or then-accrued benefits of the existing participants or beneficiaries which are nonforfeitable.

12.10 Amendments to Deferral Plan Trust Agreement. Subject to the approval of TVA, the board shall have general power, without obtaining consent of the participants of the Deferral Plan, to amend the Deferral Plan Trust Agreement.

12.11 Headings. The headings are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Deferral Plan, the text shall control.

12.12 Interpretation and Invalidity of Particular Provisions. The Provisions of this Deferral Plan shall be interpreted to carry out the intent that the Deferral Plan be a qualified defined contribution plan meeting the requirements of section 401(k) of the Code, as amended, and any other applicable section of the Code. The invalidity of any particular provision of this Deferral Plan shall not affect the other provisions thereof, but the Deferral Plan shall be construed in all respects as if such invalid provision was omitted.

12.13 Number. Except when otherwise indicated by the context, the definition of any terms herein in the singular shall also include the plural.

12.14 Exclusive Benefit. Notwithstanding any provision of the Deferral Plan to the contrary, assets of the Deferral Plan shall be held for the exclusive benefit of Participants and their Beneficiaries in a manner consistent with section 401(a)(2) of the Code; provided, however, that reversions will be permitted to the extent allowed under the Code and any related guidance thereunder, including, but not limited to, a mistake of fact as permitted under applicable Internal Revenue Service guidance.

Article 13

13. Administrative Claims and Appeals Procedures

13.1 Claims Procedure

A. A claim for benefits or other claim shall be made by a Participant, Retiree, or Beneficiary on such applications or forms, if any, required by the Board. An initial determination shall be made by the Executive Secretary of the System or such other persons as designated from time to time by the Board.

B. Without limiting the foregoing, a request for benefits will be considered a claim, and it will be subject to a full and fair review. If a claim is wholly or partially denied, the Executive Secretary will provide the Participant, Retiree, or Beneficiary with a written or electronic notification of the denial. This written or electronic notification will ordinarily be provided to the Participant, Retiree, or Beneficiary no later than 90 days after the receipt of a claim by the Executive Secretary, unless the Executive Secretary determines that special circumstances require an extension of time for processing a claim. If the Executive Secretary determines that an extension of time for processing is required, written notice of the extension will be furnished to the Participant, Retiree, or Beneficiary within the initial determination period or as soon as practicable thereafter.

C. The Executive Secretary's notification of a denial will generally provide the following information:

(1) The reason or reasons for the denial.

(2) An explanation of the basis on which the determination was made.

(3) A description of any additional material or information necessary for a Participant, Retiree, or Beneficiary to perfect the claim on appeal.

(4) Information as to the steps to be taken if a Participant, Retiree, or Beneficiary wants to appeal the denial of a claim.

13.2 Appeals Procedures

A. Upon the denial of a claim, a Participant, Retiree, or Beneficiary may file an appeal, in writing, with the Board in such form as may be designated by the Board as follows:

(1) A Participant, Retiree, or Beneficiary must file an appeal no later than 60 days after the Participant, Retiree, or Beneficiary has received written notification of the denial of the claim.

(2) The Participant, Retiree, or Beneficiary may submit written comments, documents, records, and other information relating to the appeal.

(3) The Participant, Retiree, or Beneficiary may review all pertinent documents relating to the denial of the claim and submit any issues and comments, in writing, to the Board.

(4) The Participant, Retiree, or Beneficiary will be provided, upon request, with reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

(5) The appeal will be given a full and fair review. This review will take into account comments, documents, records, and other information submitted by the Participant, Retiree, or Beneficiary relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

B. The Board will ordinarily provide the Participant, Retiree, or Beneficiary with written or electronic notification of the determination on appeal within 60 days after the receipt of the Member's, Retiree's, or Beneficiary's notice of appeal, unless the Board determines that special circumstances require an extension of time for processing the claim. If the Board determines that an extension of time for processing is required, written notice of the extension will be furnished to the Participant, Retiree, or Beneficiary prior to the termination of the initial 60-day period or as soon as practicable thereafter. If the claim is approved on appeal, the Board will notify the Participant, Retiree, or Beneficiary accordingly. If the claim is denied, the Board will provide a notification that generally sets forth the following:

(1) The specific reason or reasons for the denial.

(2) An explanation of the basis on which the determination was made.

(3) A statement that the Participant, Retiree, or Beneficiary is entitled to receive, upon request, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

13.3 Further Review. A Participant, Retiree, or Beneficiary is required to utilize and exhaust the claims and appeal procedures set forth in these Procedures before filing a lawsuit. The scope of review by a court is limited to the administrative record developed as part of the claims and appeal procedures and such review is further limited as to whether the determination by the Board was arbitrary and capricious.