

factsheet



Corporate Profile

TVA, a wholly owned federal corporation, was established by Congress in 1933 primarily to generate prosperity in the Tennessee Valley region. As the nation's largest public power system, TVA generates and transmits an ample supply of power to 8.3 million people through 158 local power distributors. TVA delivers value by supplying affordable, reliable power, supporting a thriving river system, and promoting economic growth.

TVA uses no tax dollars for its power operations, resource stewardship, or other federal programs. TVA meets all of its financial needs primarily through internally generated cash flows and by issuing debt. Congress made TVA self-financing in 1959. Since that time, TVA has paid back a portion of the government's original \$1.4 billion investment in its power program each year, along with a dividend-like return payment. In 2002, these combined payments equaled \$50 million. Since 1959, TVA has made total principal and return payments of \$3.4 billion.

Financial Highlights - Power Program

AT SEPTEMBER 30 OR FOR THE YEAR ENDED SEPTEMBER 30,
AS APPROPRIATE (IN MILLIONS)

	2002	2001
Operating Revenues	\$ 6,835	\$ 6,999
Operating Expenses	(5,186)	(5,506)
Operating Income	1,649	1,493
Other Income, Net	7	248
Interest Expense, Net	(1,429)	(1,633)
Income Before Losses	227	108
Loss on Impairment of Assets	-	(3,419)
Loss on Plant Cancellation	(154)	-
Net Income	\$ 73	\$ (3,311)
Total Assets	\$30,158	\$ 29,699
Discount Notes	\$ 3,492	\$ 3,016
Long-Term Debt,		
Including Current Maturities	21,763	22,359
Total Indebtedness	\$25,255	\$ 25,375
Cash Flows From Operations	\$ 1,347	\$ 1,914
Capital Expenditures	\$ 1,231	\$ 1,015

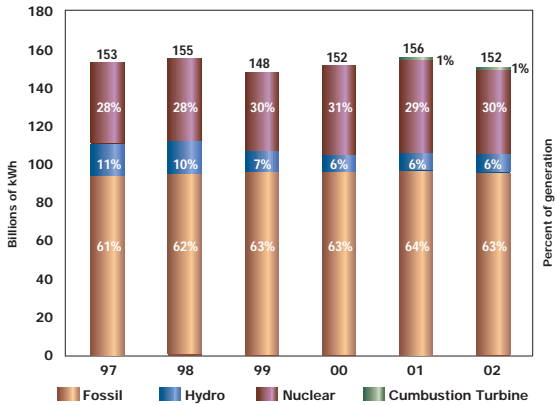
Quick Facts

Total Revenue:	\$6.8 billion
Total Assets:	\$30.2 billion
Ownership:	The United States Government
Charter:	TVA Act of 1933
Board of Directors:	Glenn L. McCullough, Jr., Chairman (1999-2005) Skila Harris, Director (1999-2008) Bill Baxter, Director (2001-2011)
Employees:	13,444
Core Businesses:	Electricity generation & transmission Economic growth Integrated resource stewardship
Customers:	158 local power distributors 62 directly served customers 11 exchange power arrangements
Bond Information:	
<i>NYSE Symbols</i>	TVC (PARRS 28) TVE (PARRS 29)
	TVA's rated bonds receive the highest rating from Moody's, Standard & Poor's, and Fitch Ratings (Aaa/AAA).
	Principal and interest on TVA securities are generally exempt from state and local income taxes.
Geographic Area:	Southeastern United States
Headquarters:	Knoxville, Tennessee
Web Site:	www.tva.com

Electricity Generation

TVA continues to meet a growing power demand in the Tennessee Valley through a diverse generation mix.

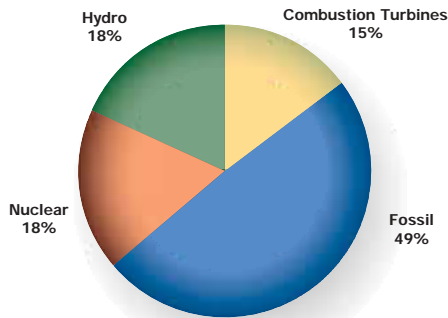
System generation



Power program description

- Nation's largest public power system
- 31,517 megawatts of capacity (net winter dependable)
- 11 fossil plants (59 units)
- 3 nuclear plants (5 units)
- 29 hydro plants (109 units)
- 6 combustion turbine plants (72 units)
- 1 pumped-storage plant (4 units)
- 14 solar energy arrays
- 3 wind turbines
- 2 methane gas facilities

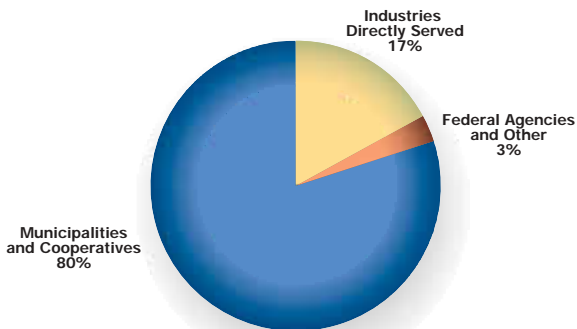
Net winter dependable generating capacity



Customers and markets

TVA is a generator and provider of power to municipalities, cooperatives, large industries, and federal agencies.

Kilowatt-hour sales



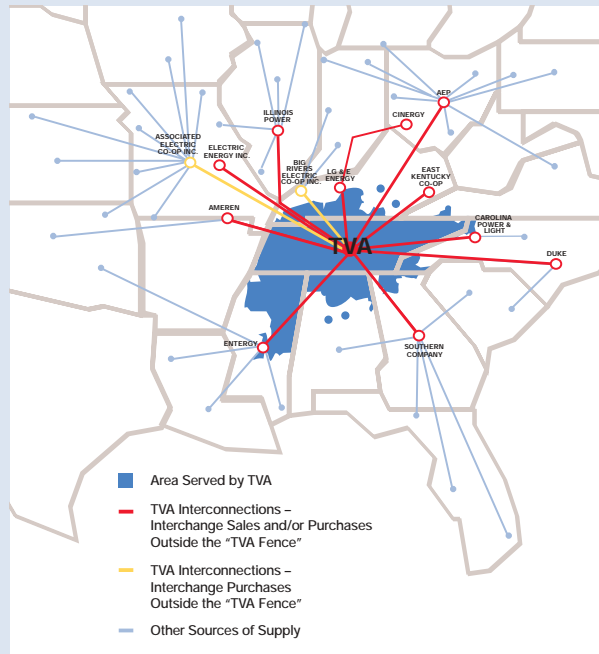
Electricity Transmission

Through its interconnections with other systems, the TVA transmission system plays a key role in providing access to power from a large area.

System description

- 99.999 percent reliability
- Well positioned for multi-region power transfers
- 17,000 miles of transmission lines
- 120,000 transmission-line structures
- 984 individual interchange and connection points
- 240,000 right-of-way acres
- 80,000-square-mile service area

Interconnections



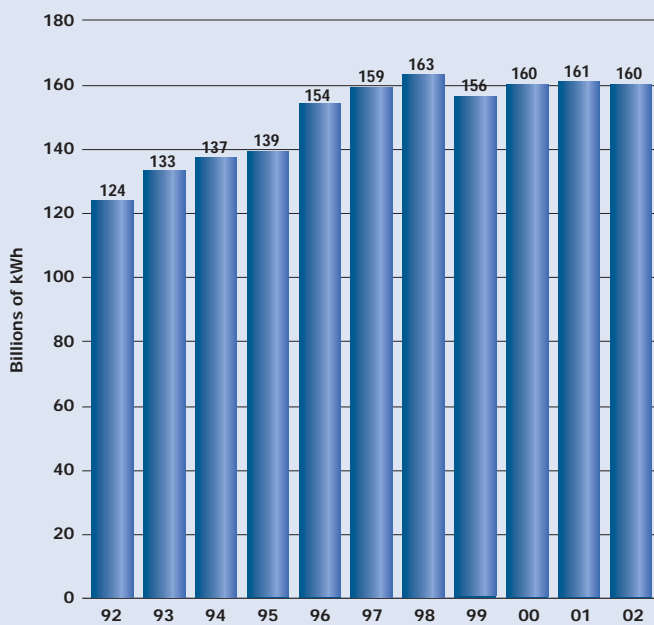
Economic Growth

TVA stimulates growth to solve regional problems, protect natural resources, create jobs, and build partnerships for the public benefit.

Benefits to the Valley in 2002

- \$328 million in tax-equivalent payments to Valley states and counties
- \$1.3 billion total TVA employee compensation
- 13,444 TVA employees
- \$22 million of economic development loan commitments to Valley businesses, leveraging \$180 million from other sources
- \$2 billion spent in Valley states for products, fuel, and services

Annual power sales



Integrated Resource Stewardship

TVA manages the public benefits of navigation, flood control, power supply, water quality, land use, and recreation as an integrated system.

Responsibility

- Nation's fifth largest river system
- 800 miles of commercially navigable waterways
- 50 million tons of goods shipped annually
- 49 dams for integrated river management
- \$104 million in potential flood damage avoided in 2002
- 11,000 miles of public shoreline

Public Power Institute

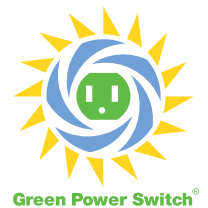
TVA created the Public Power Institute (PPI) to explore solutions to energy, environmental, and economic issues through 21st century science and technology.

TVA invests in science and technology to improve the efficiency and effectiveness of our people and processes. We rely on our science and technology efforts to provide the data we need to make operating and investment decisions that will ensure we can continue to provide low-cost, reliable, and environmentally sustainable power for the Valley.

PPI's technology areas include Biomass and Renewable Energy Technologies, Clean and Advanced Energy Technologies, Energy Use and Industrial Ecology Technologies, Environmental Impacts and Reduction Technologies, and External Collaborations and Technology Commercialization. As a "living laboratory," PPI develops and demonstrates technologies and strategies—often using TVA's own operating facilities—that TVA and others can employ to balance environmental and energy objectives.

Green Power Switch®

In the Southeast, TVA is at the forefront of commercial development of renewable energy sources. Its Green Power Switch program, conducted in partnership with distributors of TVA power and environmental groups, was the first such renewable energy program in the region that combined power available from wind, solar, and methane gas technologies. Currently, over 6,300 Valley consumers participate in the program. In 2002, Green Power Switch received a Federal Energy and Water Management Award from the Department of Energy. Green Power Switch also earned two top-10 rankings from the National Renewable Energy Laboratory in Golden, Colorado, for the amount of renewable energy sold and customer participation.

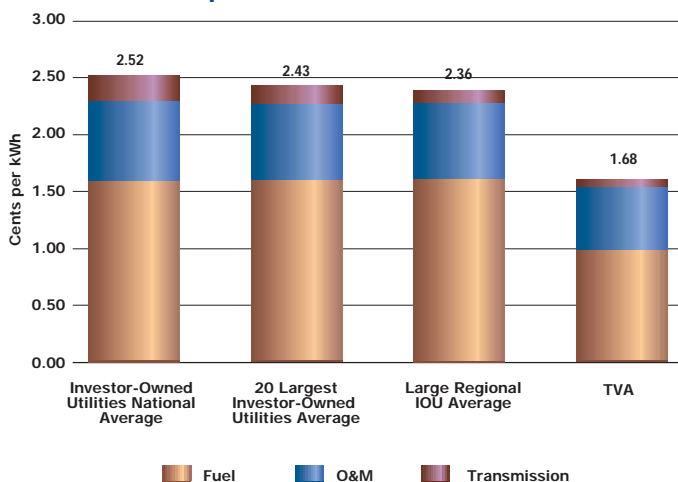


Financial Strength and Competitive Position

Key accomplishments

- TVA revenues were over \$6.8 billion.
- TVA reduced the outstanding balance of its bonds and notes by \$120 million in 2002, with a six-year total reduction of \$2.5 billion since 1996. Total debt is now \$25.3 billion.
- TVA's annual interest expense was reduced by over \$200 million from the prior year, and is down more than \$500 million from its high point in 1997.
- Net interest expense as a percentage of revenues is down from a 1997 high of 34 percent to 21 percent, lower than at any time in the past 15 years.
- TVA's cash flow from operations (after interest expense) is \$1.3 billion, a 68 percent improvement since 1995.
- TVA has had only one rate increase in the past 15 years.

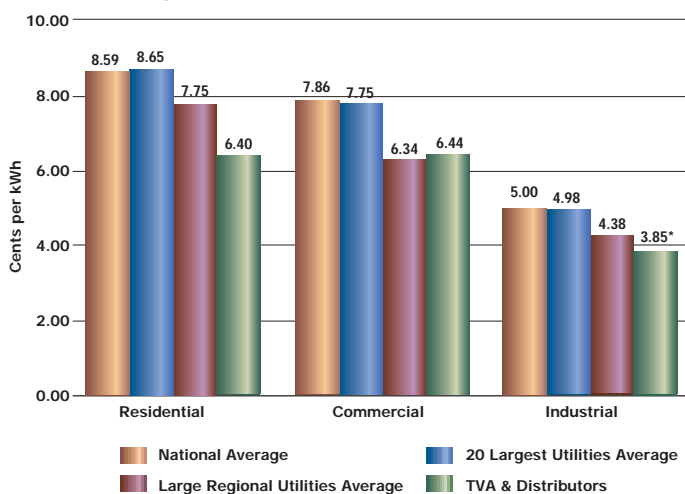
2001 cost comparison



Source: Platt's PowerDat, January 2003 release.

Note: Large regional IOUs are those operating primarily within the Eastern Interconnection grid with regulated net generation greater than 50 million megawatt-hours in calendar year 2001. TVA cost information is from the TVA 2001 EIA-412 and the TVA 2001 annual report.

2001 average price comparison



Source: Platt's PowerDat - January 2003 release. Note: Large regional IOUs are those operating primarily within the Eastern Interconnection with regulated net generation greater than 50 million megawatt-hours in calendar year 2001. *TVA & Distributors average industrial rate includes customers directly served by TVA. The average industrial rate in the TVA region not including directly served industrial customers of TVA is 4.57 cents per kWh. National average includes TVA & Distributors of TVA power.

Investor Information

Earnings objective

TVA is a corporation wholly owned by the U. S. government that finances its capital requirements through internally generated funds and by issuing debt. Consistent with its federal charter, TVA's objective is to deliver a reliable supply of power to its customers at the lowest feasible cost. TVA operates much like a nonprofit corporation, so it does not accumulate a large amount of retained earnings. TVA is not authorized to issue equity securities.

Financing goal

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

Investor base

TVA issues a variety of debt securities in U.S. dollars and other currencies targeted to institutional and individual investors around the world. Investors in all 50 states and in 39 countries have purchased TVA securities.

For more information

Sylvia H. (Sissy) Caldwell
Vice President, Investor Relations
Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902

Web site and e-mail addresses

www.tva.com/finance investor@tva.com

Phone/fax numbers

888-882-4975 (toll-free in the U.S.)
888-882-4967 (toll-free outside the U.S.)
Fax: 865-632-3225

E-mail alerts

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

electro^{tva}**notes**[®] is a retail bond program that offers a series of bonds with a variety of structures targeted to individual investors.

Benefits include:

- Generally exempt from state and local income taxes
- Competitive interest rates
- Twice monthly offerings (generally)
- Minimum \$1,000 investment
- Maturities from 1 to 30 years
- A variety of interest payments
- A survivor's option in some issues

To learn more about TVA electronotes[®] go to www.tvaelectronotes.com.