

Memorandum of Understanding
between
Tennessee Valley Authority
and the
Engineering Association, Inc.
regarding
Salary Adjustments for Fiscal Year 2011

Tennessee Valley Authority (TVA) and the Engineering Association, Inc. (EA) agree to the following adjustments in accordance with Supplementary Agreement 4:

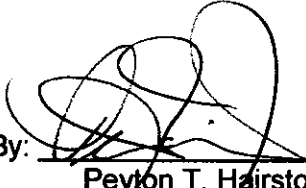
Funding for the performance pay matrix for FY 2011, based on employee performance during the 2010 rating period, is 2.6 percent.

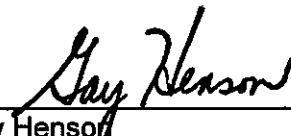
Funding for the performance recognition pool for FY 2011 is 0.3 percent.

Market rates will be adjusted by 2.175 percent.

TVA will request that the TVA Retirement System Board approve including in the calculation of retirement benefits any lump sum payments made in lieu of base-pay increases.

This agreement is subject to, and will be recommended for TVA executive approval.

By: 
Peyton T. Hairston, Jr.
Senior Vice President
Diversity and Labor Relations
Tennessee Valley Authority

By: 
Gay Henson
Valley Wide President
Engineering Association, Inc.