

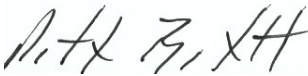
TVA RETIREMENT SYSTEM
NOTICE OF AMENDMENTS TO THE
RULES AND REGULATIONS OF THE TVA RETIREMENT SYSTEM (“TVARS”)
AND THE PROVISIONS OF THE
TVA SAVINGS AND DEFERRAL RETIREMENT PLAN (“401(k) Plan”)

June 8, 2018

At a May 23, 2018, special-called meeting, the TVA Retirement System Board of Directors (“TVARS Board”) approved by a 5 to 2 vote amendments to the TVARS Rules and Regulations and 401(k) Plan Provisions.

These amendments will provide for and offer the following: (i) TVA employees who are continuing to accrue cash balance benefits in the defined benefit pension plan will have the option to voluntarily elect to switch their future participation to the 401(k) Plan only (in order to receive higher contributions to the 401(k) of 6% nonelective and 6% dollar-for-dollar match), and (ii) TVA employees with cash balance accounts in the defined benefit pension plan who have a 401(k) only benefit (pursuant to previous benefit changes that went into effect on October 1, 2016, or pursuant to the election option described above) will have the additional option of waiving their right to benefits under the defined benefit pension plan and transferring their cash balance account (and Fixed and Variable Fund accounts, if any) to their 401(k) Plan account. Under the amendments, these voluntary election options will be offered to eligible TVA employees during a 60-day election window from July 1, 2018, to August 31, 2018, and the changes and transfers will be effective as of October 1, 2018.

TVARS has presented these amendments to TVA for its review and consideration as of the date of this Notice. The amendments will become effective July 8, 2018, unless vetoed by TVA within 30 days of this Notice. A copy of the amendments as approved by the TVARS Board is attached.



Patrick D. Brackett
Executive Secretary
TVA Retirement System

The following Sections of the Rules and Regulations of the TVA Retirement System are amended to delete the language marked through and to add the language underlined as follows:

SECTION 2

2. Membership

1. Any person who becomes an employee after the date of establishment shall become a member of the Retirement System as a condition of his employment and shall be classified as a new entrant.
2. Each employee who becomes a member shall promptly file with the directors a form giving such information as they shall consider necessary.
3. Membership shall cease if a member shall not be an employee for one year, or if he shall withdraw his contributions, or retire, or die. The membership of a member who has six months or less creditable service shall cease as of the date he ceases to be an employee. A person who returns to membership after his membership has ceased shall receive no benefit on account of services rendered prior to such return, except as otherwise specifically provided in sections 6 and 7.
4. A leased employee shall not be eligible to become a member of the Retirement System. "Leased employee" shall mean an individual who is not a common law employee of TVA and who provided 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).
5. Notwithstanding any other provisions of these Rules and Regulations, the following members will be eligible for a retirement benefit composed solely of the benefit accrued as a participant in the Deferral Plan and will not be eligible for, or eligible to accrue, any retirement benefit under the provisions of the Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19: (a) employees who first became members of the System on or after July 1, 2014, and (b) employees (i) who first became members of the System prior to July 1, 2014, (ii) who terminated employment with TVA and are reemployed by TVA on or after July 1, 2014, and (iii) who 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

their entire benefit in a single, lump-sum payment as set forth in sections 6K, 6L or 7D4, as applicable.

6. Notwithstanding any other provisions of these Rules and Regulations, effective as of October 1, 2016, employees who first became members of the System on or after January 1, 1996, and prior to July 1, 2014, and have less than ten (10) years of cash balance service as of October 1, 2016, will be eligible for a future retirement benefit composed solely of the benefit accrued as a participant in the Deferral Plan and, except as set forth in section 7C3 with respect to interest-based credits to Cash Balance Accounts and section 19A1 with respect to rates of return on contributions to the Retirement System, will not be eligible to accrue any additional retirement benefit under the provisions of the Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19.
7. Notwithstanding any other provisions of these Rules and Regulations, effective as of October 1, 2018, employees who (a) either (i) first became members of the System prior to January 1, 1996, and elected to become Cash Balance Participants, or (ii) first became members of the System on or after January 1, 1996, and had ten (10) or more years of cash balance service as of October 1, 2016, and (b) made the election as permitted by section 7B5(a) will be eligible to earn future retirement benefit accruals on and after October 1, 2018 composed solely of the benefit accrued as a participant in the Deferral Plan and, except as set forth in section 7C3 with respect to interest-based credits to Cash Balance Accounts and section 19A1 with respect to rates of return on contributions to the Retirement System, will not be eligible to accrue any retirement benefit under the provisions of the Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19, on and after October 1, 2018.
8. Notwithstanding any other provisions of these Rules and Regulations, Cash Balance Participants whose Cash Balance Account was transferred to the Deferral Plan pursuant to an election permitted by section 7B5(b) will not be eligible for, or eligible to accrue, any retirement benefit under the provisions of these Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19, on and after the date the Cash Balance Participant's Cash Balance Account is transferred.

SECTION 7

7. Cash Balance Benefit Structure

B. Participation

1. Initial Enrollment

Each employee who first becomes a member of the System on or after January 1, 1996, and prior to July 1, 2014, shall be a Cash Balance Participant effective on the date he or

she becomes a member of the System. Except as provided below in this section, all employees who were members of the System on December 31, 1995, and who during the initial enrollment period filed an appropriate election to waive the benefit calculated under section 6 in consideration for receiving a benefit calculated in accordance with the provisions of this section 7, shall be deemed to be Cash Balance Participants effective as of January 1, 1996; provided, however, that such members of the System on December 31, 1995 who elected to become Cash Balance Participants shall, during a limited time enrollment period from July 1, 1998 until November 6, 1998, have the right to waive the benefit calculated in accordance with section 7 and elect to receive a benefit calculated under section 6. Such election shall be effective as of January 1, 1999. Provided, further, that such members shall be deemed to be automatically vested in any TVA matching contributions made while they were Cash Balance Participants notwithstanding the fact that they did not complete five years of cash balance service.

2. Subsequent Enrollment

Subject to section 6P, employees who first became members of the System prior to December 31, 1995, and either (a) were not eligible to make the election described in section 7B1 above during the initial enrollment period or the election during the enrollment described in section 7B3 below, or (b) are, on or after January 1, 2000, re-employed by TVA after a break-in-service of 180 or more consecutive days and under these Rules and Regulations are members of the Original Benefit Structure upon re-employment, shall upon subsequent eligibility for System coverage be given an opportunity to file an appropriate election to waive the benefit calculated under section 6 in consideration for receiving a benefit calculated in accordance with this section 7. Such election shall be filed within three months from the date of subsequent eligibility and will be effective as of the last day of the TVA pay period following receipt of such election. Employees who first became members of the System on or after July 1, 2014, and employees (i) who first became members of the System prior to July 1, 2014, (ii) who terminated employment with TVA and are reemployed by TVA on or after July 1, 2014, and (iii) who 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 their entire benefit in a single, lump-sum payment as set forth in sections 6K, 6L or 7D4, as applicable, are not eligible for subsequent enrollment under this section 7B2.

3. Limited Time Enrollment for Cash Balance Participation

Notwithstanding any other provisions of these Rules and Regulations, each employee who is a member of the System, but not a Cash Balance Participant, as of July 1, 1998, shall be given an opportunity, from July 1, 1998 until November 6, 1998, to file an appropriate election to waive the benefit calculated under section 6 in consideration for

receiving a benefit calculated in accordance with the provisions of this section 7. A member making such an election shall be deemed to be a Cash Balance Participant effective as of January 1, 1999.

4. Cash Balance Participation

Notwithstanding any other provisions of these Rules and Regulations, eligibility for benefits and the calculation of said benefits under these Rules and Regulations for all Cash Balance Participants as defined in this section 7 shall be determined in accordance with the provisions of this section 7 and not section 6. Provided, however, that members eligible to elect until November 6, 1998 to become Cash Balance Participants as described under section 7B3 above, or those Cash Balance Participants eligible to elect until November 6, 1998 to return to the Original Benefit Structure as described under the proviso in section 7B1 above, shall upon a retirement between June 8, 1998 and December 31, 1998 be entitled to elect retirement benefits as calculated under either section 6 or section 7 of these Rules and Regulations.

5. Future Participation and Transfer Elections

a. During a limited-time period from July 1, 2018 to August 31, 2018, a Cash Balance Participant who either (i) first became a member of the System prior to January 1, 1996, or (ii) first became a member of the System on or after January 1, 1996, and had ten (10) or more years of cash balance service as of October 1, 2016, may elect in writing provided to the System to waive future retirement benefit accruals under the provisions of the Rules and Regulations on and after October 1, 2018, and to earn future retirement benefit accruals on and after October 1, 2018 solely as a participant in the Deferral Plan. Such election shall become irrevocable if received by the System in writing, and not subsequently revoked by the Cash Balance Participant in writing provided to the System, at or prior to 11:59 p.m. Eastern time on August 31, 2018, and shall be effective October 1, 2018. Subject to an election under section 7B5(b) below, the Cash Balance Account of a Cash Balance Participant who makes the election under this section shall be maintained and shall continue to be credited with interest under the Rules and Regulations solely as set forth in section 7C3 concerning interest-based credits to Cash Balance Accounts and section 19A1 with respect to rates of return on contributions to the Retirement System.

b. During a limited-time period from July 1, 2018 to August 31, 2018, a Cash Balance Participant who either (i) made the election under section 7B5(a) above or (ii) first became a member of the System on or after January 1, 1996, and had less than ten (10) years of cash balance service as of October 1, 2016, may elect in writing provided to the System to have the entire amount credited to the Participant's Cash Balance Account (as of September 29, 2018) transferred to

the Deferral Plan on October 1, 2018. Such election shall become irrevocable if received by the System in writing, and not subsequently revoked by the Cash Balance Participant in writing provided to the System, at or prior to 11:59 p.m. Eastern time on August 31, 2018, with the transfer being made from the System to the Deferral Plan on October 1, 2018. Any Cash Balance Participant whose account is transferred to the Deferral Plan as provided herein shall not be entitled to any retirement benefits under the provisions of these Rules and Regulations on and after October 1, 2018. For purposes of the Deferral Plan, these amounts will be treated as transfer contributions to participants' accounts as set forth in article 6.1C of the Deferral Plan. For purposes of clarity, the spousal consent provisions of section 7M shall not apply to this election.

- c. A Cash Balance Participant who makes the election under section 7B5(a) as permitted under the applicable provisions of section 7, but not the election under section 7B5(b), shall continue to earn Cash Balance Service in accordance with the terms of these Rules and Regulations.

C. Accounts and Credits to Accounts

2. Pay-Based Credits to Participant's Accounts

- a. Beginning as of the first day of the first pay period beginning after January 1, 1996, and as of the first day of each pay period thereafter, each Cash Balance Participant's account shall be credited with an amount equal to 6 percent of the earnable compensation received by the Participant for the previous pay period.
- b. Beginning September 1, 2011, on the last day of each month, the Account of each Cash Balance Participant shall be credited with an amount equal to 6 percent of the Participant's earnable compensation for that month. Upon retirement or termination of employment, the Participant's Account shall receive as a final pay-based credit an amount equal to 6 percent of the Participant's earnable compensation for the period of time from the beginning of the month in which retirement or termination of employment occurs, to the actual date of retirement or termination.
- c. Beginning October 1, 2016, on the last day of each month, the Account of each Cash Balance Participant shall be credited with amounts equal to the following: (i) for Cash Balance Participants who first became members of the System prior to January 1, 1996, an amount equal to 6 percent of the Participant's earnable compensation for that month, and upon retirement or termination of employment, the Participant's Account shall receive as a final pay-based credit an amount equal to 6 percent of the Participant's earnable compensation for the period of time from the beginning of the month in which retirement or termination of employment occurs, to the actual date of retirement or

termination; and (ii) for Cash Balance Participants who first became members of the System on or after January 1, 1996, and have ten (10) or more years of cash balance service as of October 1, 2016, an amount equal to 3 percent of the Participant's earnable compensation for that month, and upon retirement or termination of employment, the Participant's Account shall receive as a final pay-based credit an amount equal to 3 percent of the Participant's earnable compensation for the period of time from the beginning of the month in which retirement or termination of employment occurs, to the actual date of retirement or termination.

d. Effective September 30, 2016, the Accounts of each Cash Balance Participant who first became a member of the System on or after January 1, 1996, and has less than ten (10) years of cash balance service as of October 1, 2016, shall not be credited with any additional pay-based credits on or after October 1, 2016.

e. Effective October 1, 2018, the Cash Balance Account of any Cash Balance Participant who makes the election permitted by section 7B5(a) shall not be credited with any pay-based credits on and after October 1, 2018, or, if later, the effective date of the Participant's election under section 7B5(a) pursuant to section 7J2 or 7J4.

f. If TVA elects to keep in service a Participant, who is on temporary leave of absence without pay and who would otherwise be eligible to receive pay credits under section C2(c) above, and TVA continues its contributions on account of such Participant during such period, then such Participant shall continue to receive pay-based credits based on the rate of the Participant's earnable compensation in effect on the last day in pay status; provided, however, that the earnable compensation used to calculate the pay-based credits will include any subsequent adjustments resulting from normal salary or wage increases, salary or wage negotiations, or position reclassification where the Participant is on leave of absence without pay (i) to serve in a full-time position with a labor organization, (ii) to serve in the uniformed services as defined in 38 U.S.C. §4303 (USERRA), or (iii) pursuant to any other federal law or regulation that would require such adjustments for crediting purposes.

3. Interest-Based Credits to Accounts

a. (i) Cash Balance Participants Who First Became Members of the System Prior to January 1, 1996

As of the last day of each month beginning after December 31, 1995, and before the date distribution of benefits to, or on behalf of, a Participant or retiree commences under section 7D, the Account of each Cash Balance Participant shall be credited with an amount determined

by multiplying the monthly interest rate by the Participant's Account balance as of the previous January 1 plus any pay-based credits since that time.

The monthly interest rate shall be a percentage equal to one-twelfth of the annual cash balance interest rate. The annual cash balance interest rate shall be determined by the Board effective January 1 of each year and shall be a percentage equal to the percent increase of the 12-month average of the Consumer Price Index for All Urban Consumers (CPI-U) for the period ending the previous October 31 over the preceding 12-month period, plus three percent (3%). Provided, however, that the annual interest rate shall not be less than six percent (6%) nor exceed ten percent (10%) except that the Board may, with the approval of TVA, apply an annual interest rate greater than ten percent (10%) for any year.

(ii) Cash Balance Participants Who First Became Members of the System Prior to January 1, 1996, and Who Made the Election As Permitted by Section 7B5(a)

Interest-based credits shall continue to be made to the Account of the Cash Balance Participant as described above in subsection C3(a)(i), except that the monthly interest rate shall be a percentage equal to one-twelfth of the annual cash balance interest rate. The annual cash balance interest rate shall be determined by the Board effective January 1 of each year and shall be a percentage equal to the percent increase of the 12-month average of the Consumer Price Index for All Urban Consumers (CPI-U) for the period ending the previous October 31 over the preceding 12-month period, plus two percent (2%). Provided, however, that the annual interest rate shall not be less than the System's assumed rate of investment return minus two percent (2%), nor greater than the System's assumed rate of investment return minus one-half percent (0.5%), except that the Board may, with the approval of TVA, apply an annual interest rate greater than this maximum for any year.

H. Disability Retirement

1. Except as set forth in section 7H3 below, any Participant with 5 or more years of cash balance service may, upon the application of TVA or upon the Participant's own application, filed with the board while the Participant is in service or not later than 60 days after the Participant ceases to be in service, be retired by the board on a disability retirement allowance upon a determination by the board which shall include

the consideration of a report either by the Medical Board or by TVA Medical Services and information from TVA Human Resources that the Participant cannot be continued in the Participant's present position because of a physical or mental disability that is likely to be permanent and that there is no other position available for which the Participant is qualified and can perform with the Participant's medical restrictions. Such retirement shall begin as of the day following the date on which the application is filed, except that the board may in its discretion and for good cause establish an earlier beginning date, but in no case will the beginning date be earlier than the day following the date the Participant ceases to be in pay status.

2. A Participant retired on account of such disability shall (subject, however, to the provisions of section 11) receive a disability retirement allowance which shall correspond to the normal retirement benefit if the member has reached age 65 on the date of his retirement, and which shall otherwise consist of:
 - a. An annuity which is the actuarial equivalent of the Participant's accumulated contributions.
 - b. A pension equal to one and one-tenth percent (1.1%) of the Participant's average compensation for each year of the Participant's cash balance service except that if the pension as so calculated is less than thirty percent (30%) of the Participant's average compensation, it shall be increased to thirty percent (30%); provided, however, that such increase in percentage rate shall not in any event exceed one and one-half percent (1.5%) times the number of years the Participant lacks of attainment of age 65 on the date of retirement. If and when the member becomes entitled to a Disability Insurance Benefit or an Old-Age Benefit under Title II of the Social Security Act, the pension shall be reduced by the smaller of (1) an amount equal to nine-tenths of the social security offset, or (2) the amount, if any, by which the disability pension before such reduction exceeds the normal pension to which the Participant would have been entitled if the Participant had been age 65 at the time of retirement; provided, however, that if the Participant commences to receive a reduced Old-Age Benefit before reaching age 65, the pension shall be reduced by the actuarial equivalent of the aforesaid reduction.
3. a. Effective October 1, 2016, Cash Balance Participants (i) who first became members of the Retirement System on or after January 1, 1996, (ii) have less than ten (10) years of cash balance service as of October 1, 2016, and (iii) have not yet filed for a disability retirement as of October 1, 2016, that is subsequently approved by the board, will not be eligible for or have a right to disability retirement benefits as set forth under this section 7H.

b. Effective October 1, 2018, Cash Balance Participants who (i) elected under section 7B5(a) to receive a future retirement benefit composed solely of the benefit accrued as a participant in the Deferral Plan, as permitted by that section and sections 7J2 and 7J4, and (ii) have not yet filed for a disability retirement as of the date their election described in (i) becomes final, will not be eligible for, or have a right to, disability retirement benefits as set forth under this section 7H.

I. Benefit Payable in the Event of Death Before Retirement

Upon the receipt of proper proofs of death of a Participant who shall have died in service, there shall (subject, however, to the provisions of section 11) be paid to such person as the Participant shall have nominated by written designation duly filed with the board a benefit as follows:

1. For Participants Who First Became Members Prior to January 1, 1996, and For Participants Who First Became Members On or After January 1, 1996, and Have Ten (10) or More Years of Cash Balance Service as of October 1, 2016
 - a. If the Participant's beneficiary is any person other than such Participant's spouse, the beneficiary may elect to receive either (1) a cash lump sum, payable as of the first day of the month following the month in which the Participant's death occurs, in an amount equal to the value of such Participant's accumulated contributions plus the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the Participant's account balance as of the last day of the month in which the death of the Participant occurs, or (2) a life annuity commencing no later than one year after the member's death and consisting of a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary's age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option

or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. If no beneficiary survives the death of the Participant, such benefit, which would have been payable to the beneficiary, shall be paid to the Participant's estate.

- b. If the Participant's beneficiary is the Participant's spouse, such spouse shall be entitled to receive a life annuity for such beneficiary's life commencing no later than the date the Participant would have reached age 70-1/2 if such Participant had survived to such date. Such benefit to the spouse shall be a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary's age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. Notwithstanding the foregoing, the spouse may request to receive, in lieu of any other benefits under the System to which such spouse would otherwise be entitled, a distribution of a cash lump sum equal to the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the value of the Participant's cash balance account balance as of the Participant's date of death, and the Participant's accumulated contributions payable as soon as practicable after the Participant's death.

2. For Participants Who First Became Members On or After January 1, 1996, and Have Less Than Ten (10) Years of Service as of October 1, 2016

If the Participant had a minimum of five (5) years of cash balance service as of the date of the Participant's death, the Participant's designated beneficiary will receive the entire

amount of the Participant's accumulated contributions (if any) and the entire amount of the Participant's cash balance account in a lump sum.

If the Participant had less than five (5) years of cash balance service as of the date of the Participant's death, the Participant's designated beneficiary will receive the entire amount of the Participant's accumulated contributions (if any) in a lump sum.

3. For Cash Balance Participants who made the election permitted by section 7B5(a), but not under section 7B5(b), the Cash Balance Participant's designated beneficiary will receive the entire amount of the Cash Balance Participant's accumulated contributions (if any) and the entire amount of the Cash Balance Participant's Cash Balance Account in a lump sum.

J. Reinstatement of Participant's Accounts Upon Reemployment

This subsection shall apply upon the employment of a Participant who was a former Participant that had terminated employment on or after January 1, 1996.

1. Participants who had less than five years of cash balance service at previous termination date - In the event the Participant is reemployed prior to July 1, 2014, the Participant's account balance and cash balance service on the Participant's most recent previous termination date will be restored as of the date the Participant's most recent employment date and the Participant will be eligible for credits in accordance with the terms of sections 7C2 and 7C3. In the event the Participant is reemployed on or after July 1, 2014, the Participant will not be eligible to have his or her previous account balance restored and, effective as of the reemployment date, the member will be eligible for a retirement benefit composed solely of the benefit accrued as a Participant in the Deferral Plan and will not be eligible to accrue any retirement benefit under the provisions of the Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19.
2. Participants who had a minimum of five years of cash balance service at previous termination date but had not received a pension or lump-sum benefit based on TVA's contributions to the System - The Participant's election of an optional benefit shall be of no further effect and the Participant's account balance will again be eligible to receive credits in accordance with the terms of sections 7C2 and 7C3 as of the Participant's most recent employment date. For Cash Balance Participants who are reemployed after July 1, 2018, within three (3) months of the date of reemployment, the Cash Balance Participant shall be given the opportunity to file an appropriate election with the System as permitted by, and to the extent eligible, under section 7B5(a) and/or (b). Any such election shall become irrevocable on the first day of the first full pay period immediately following the last day of the Cash Balance Participant's three (3) month election period described in the prior sentence. A Cash Balance Participant who makes one or both elections permitted under section 7B5 pursuant to this section shall be subject to the

same rules applicable to a Cash Balance Participant who made the election under section 7B5(a) or (b) directly, including, but not limited to, the rules regarding the freeze on pay credits and member contributions, calculating future interest credits, and eligibility for the supplemental benefit, special benefit or a disability retirement, and beneficiary distributions.

3. Participants who had a minimum of five years of cash balance service at previous termination date and who previously received their entire account in a single-sum payment - In the event the Participant is reemployed prior to July 1, 2014, the Participant's cash balance service (but no account credits) will be restored, and a new account will be established for the Participant as of the Participant's most recent employment date which will be eligible for credits in accordance with the terms of sections 7C2 and 7C3. In the event the Participant is reemployed on or after July 1, 2014, the Participant will not be eligible to have a new account balance established and, effective as of the reemployment date, the member will be eligible for a retirement benefit composed solely of the benefit accrued as a participant in the Deferral Plan and will not be eligible to accrue any retirement benefit under the provisions of the Rules and Regulations, including, but not limited to, sections 6, 7, 9, 16, 18 and 19.
4. Participants who were in receipt of a retirement allowance - Payment of the Participant's retirement allowance shall cease and any election of an optional benefit shall be of no further effect. All cash balance service to the Participant's credit at the time of the Participant's retirement shall be restored to full force and effect. The Participant's account balance as of the date of the Participant's most recent retirement shall be adjusted to reflect an actuarially equivalent balance as of the Participant's date of reemployment, and such account shall be eligible to receive credits in accordance with sections 7C2 and 7C3 as of the Participant's reemployment date. For Cash Balance Participants who are reemployed after July 1, 2018, within three (3) months of the date of reemployment, the Cash Balance Participant shall be given the opportunity to file an appropriate election with the System as permitted by, and to the extent eligible, under section 7B5(a) and/or section 7B5(b). Such election(s) shall become irrevocable on the first day of the first full pay period immediately following the Cash Balance Participant's three (3) month election period described in the prior sentence. A Cash Balance Participant who makes one or both elections permitted under section 7B5 pursuant to this section shall be subject to the same rules applicable to a Cash Balance Participant who made the election under section 7B5(a) or (b) directly, including, but not limited to, the rules regarding the freeze on pay credits and member contributions, calculating future interest credits, eligibility for the supplemental benefit, special benefit or a disability retirement, and beneficiary distributions.

SECTION 9

9. Contributions to the System

A. Contributions by Members

1. a. A member, who first becomes a member of the System prior to January 1, 1996, may make contributions to the Retirement System up to \$10,000 per calendar year, so long as the total of a member's contributions to the Retirement System taken together with contributions to the Deferral Plan shall not exceed the limitations set forth in section 17, as it may be amended or supplemented. Members who first become members of the System on or after January 1, 1996 may contribute to the System, but only in accordance with and subject to the provisions set forth in section 19. Effective October 1, 2018, any member who is a Cash Balance Participant and makes the election under section 7B5(a) shall become ineligible to make any further contributions to the System as otherwise permitted by this section 9A1.
- b. A member may make a one-time election to transfer, in a lump sum, the total amount of that member's accumulated contributions to the Deferral Plan. Effective October 1, 2018, in the event a member who is a Cash Balance Participant makes the election permitted by section 7B5(b) to transfer the entire amount of the Participant's Cash Balance Account to the Deferral Plan, the member's contributions to the Retirement System pursuant to section 19A shall also be transferred, in a lump sum, to the Deferral Plan on the same date that the Participant's Cash Balance Account is transferred. Such member shall become ineligible to make any further contributions to the System as otherwise permitted by this section 9A1 immediately after the date that the member's Cash Balance Account and accumulated contributions to the Retirement System are transferred to the Deferral Plan.
- c. Any member who first becomes a member of the System prior to January 1, 1996 and who, as of April 30, 2005, is ineligible to make contributions to the System pursuant to section 9A1(b) above may make, on or after May 1, 2005, a one-time election to contribute again to the System subject to and in accordance with the provisions set forth in this section 9A.
- d. The above notwithstanding, a member who receives a distribution of elective deferrals from the Deferral Plan on account of hardship shall be prohibited from making contributions to the Retirement System for 6 months after receipt of the distribution.

SECTION 18

18. Supplemental Benefit

C. Miscellaneous

1. The supplemental benefit payable to eligible retirees and surviving spouses under sections 18A or 18B, and the additional benefit payable under section 18D, shall be payable as a continuing monthly benefit; provided, however, in the event a member who is a Cash Balance Participant elects under section 7D4 to receive a lump-sum payout of the member's cash balance account at the time of termination of employment or retirement, the supplemental and additional benefits under this section 18 shall be paid to the member in a lump sum equal to the present value of the supplemental and additional benefits for which the member is eligible, excluding any COLA benefit under section 18C3 after the date of termination of employment or retirement, calculated using a 6% discount rate and the mortality table for service retirements as set forth in the Appendix to the Rules and Regulations.
2. Actual service, as used in section 18B above and in sections 18C3 and 18D below, shall mean creditable service as defined in section 1.8 of the Rules and Regulations except that it shall not include credit for unused sick leave, forfeited annual leave, or credit for military service established pursuant to section 5.2 of the Rules and Regulations. Effective October 1, 2016, employees who first became members of the System on or after January 1, 1996, and prior to July 1, 2014, and have less than ten (10) years of cash balance service as of October 1, 2016, will not be eligible to accrue any additional service for purposes of the calculation of the supplemental benefit under section 18B, and as of October 1, 2016, these members will have their actual service frozen for calculation purposes only of the supplemental benefit under section 18B and the additional benefit under section 18D. Effective October 1, 2018, employees who made the election permitted by section 7B5(a) (but not the election under section 7B5(b)), will not be eligible to accrue any additional service for purposes of the calculation of the supplemental benefit under section 18B, and these members will have their actual service for purposes of calculating the supplemental benefit under section 18B and the additional benefit under section 18D frozen as of the effective date of the member's election.
3. The supplemental benefits payable under sections 18A or 18B, and the additional benefit payable under section 18D, shall receive a cost-of-living adjustment (COLA) whenever the 12-month average of the Consumer Price Index for All Urban Consumers (CPI-U) for any year exceeds by as much as one percent (1%) the CPI-U average for the prior year for which an adjustment hereunder was made, by an amount equal to the following: (i) the percentage increase in the 12-month average of the CPI-U over the CPI-

U average of the prior year since the last adjustment, minus (ii) 0.25%. This COLA shall be made beginning with the monthly payment for January following the year in which the CPI-U increase occurred. For members who were current employees as of December 31, 2009, this COLA shall be made beginning January following the year in which the CPI-U increase occurred and the member or eligible retiree has or would have reached actual age 60. Effective October 1, 2016, for members or retirees who are under age 50 as of October 1, 2016, this COLA shall be made beginning January following the year in the CPI-U increase occurred and the member or eligible retiree has or would have reached actual age 65. Provided, however, that (a) the increase for any year shall not exceed six percent (6%); (b) the total monthly supplemental benefit payable under section 18B above shall not exceed \$12.3657 per month per year of actual service, and (c) the total monthly additional benefit payable under section 18D shall not exceed \$150 per month. The above notwithstanding, (i) for calendar year 2010, the rate of increase shall be zero percent (0%); (ii) for calendar year 2011, the rate of increase shall not exceed three percent (3%); (iii) for calendar year 2012, the rate of increase shall be zero percent (0%); and (iv) for calendar year 2013, the rate of increase shall not exceed two and one-half percent (2.5%); provided, however, for calendar years 2011 and 2013, the rate of increase shall be the percent increase in the 12-month average of the CPI over the CPI average of the preceding year of the prior year since the last adjustment if the CPI average decreased the preceding year.

4. Notwithstanding anything else contained in this Section 18, in the event a member who is a Cash Balance Participant elects under section 7B5(b) to transfer the entire amount of the member's Cash Balance Account to the Deferral Plan and the member's Cash Balance Account is so transferred, the member shall not be eligible for, and shall waive any and all rights to, the supplemental benefit and additional benefit under this Section 18 regardless of whether the member would have been eligible for these benefits under Section 18B.

Section 19

19. Contributions by Those Who First Become Members of the System on or After January 1, 1996

B. Limitations

1. A member's contributions to the Retirement System pursuant to section 19A above (i) shall not be considered "accumulated contributions" as defined and used in these Rules and Regulations, except for the purposes of sections 6D1, 6L5, 11B3 and 11B4, and (ii) shall not be distributed or calculated for purposes of distribution in the form of an annuity.

2. In the event that a member receives a hardship withdrawal as defined in Article 8.1 of the Deferral Plan, for the period of six (6) months beginning in the first month following the receipt of the hardship withdrawal, that member may not contribute to the System.
3. A member may make a one-time election to transfer, in a lump sum, the total amount of that member's contributions to the System pursuant to section 19A to the Deferral Plan. In the event a member who is a Cash Balance Participant elects under section 7B5(b) to transfer the entire amount of the member's Cash Balance Account to the Deferral Plan and the member's Cash Balance Account is so transferred, the member's contributions to the System pursuant to section 19A shall also be transferred, in a lump sum, to the Deferral Plan on the same date the member's Cash Balance Account is transferred. Once a member effects this lump-sum transfer, the member shall become ineligible to make any further contributions to the System as provided in section 19A.
4. A member shall be required to name the member's spouse as beneficiary of the lump sum payable under this section 19 in the event of the member's death in service, unless the member certifies that he or she is not married at the time the beneficiary is designated, or the member provides the Retirement System with written consent of the member's spouse to the designation of a beneficiary other than the member's spouse.

The following Articles in the Provisions of the Tennessee Valley Authority Savings and Deferral Retirement Plan (Deferral Plan or 401(k) Plan) are amended to delete the language marked through and to add the language underlined as follows, effective October 1, 2018:

ARTICLE 8

Withdrawals and Loans

- 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.

ARTICLE 9

Contribution Limits

- 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; and
- (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 shall be used to reduce TVA's matching contributions to the Deferral Plan for 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; 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 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 shall be used to reduce TVA's nonelective contributions to the Deferral Plan for 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.