



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Statement 1](#)

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18 Can any resulting loss be recognized? ▶ [See Statement 1](#)

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Statement 1](#)

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ 3/21/19

Print your name ▶ **Gregory S. Imhoff** Title ▶ **Vice President**

|                               |  |  |         |   |           |
|-------------------------------|--|--|---------|---|-----------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name   | Preparer's signature   | Date    | Check <input type="checkbox"/> if self-employed | PTIN      |
|                               | Richard J. O'Brien   |  | 3/21/19 |   | P01776094 |
|                               | Firm's name ▶ Kurtz & Company, P.C.                                    | Firm's EIN ▶   |         | 75-2452274                                      |           |
|                               | Firm's address ▶ 12801 N. Central Expwy., Suite 1150, Dallas, TX 75243 | Phone no.  |         | (972) 383-7300                                  |           |

**14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.**

On February 7, 2019, the Stockholders of InfraREIT, Inc. approved a plan of liquidation. The plan of liquidation will be complete approximately mid-2019.

In accordance with Section 331(a) of the Internal Revenue Code of 1986 (IRC), InfraREIT's stockholders will receive liquidating distributions in 2019. They will first apply the distributions against, and reduce, the adjusted tax basis in their shares, but not below zero, before recognizing any gain or loss on account of the distribution.

**15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

See discussion in question 14, above.

**16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

See discussion in question 14, above.

**17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Sections 301, 316, 331(a) and 857 of the IRC.

**18. Can any resulting loss be recognized?**

No. Loss cannot be determined/recognized until the final liquidating distribution is received by the stockholder.

**19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

All liquidating distributions will be completed by mid-2019. Thus, the reportable year for the liquidating distributions, yet to be made for each stockholder, is the taxable year of such stockholder that includes February, 2019 to mid-year, 2019. Information concerning cash liquidating distributions will be reported on Form 1099-DIV, Box 9 – Cash liquidation distributions. These will be mailed in January, 2020.