November 1, 2018

Remarks by InfraREIT
Regarding Third Quarter and Year-to-Date Financial Results

Please find below Management's remarks issued in conjunction with the Supplemental Slides entitled "3Q 2018 Results & Supplemental Information" posted to InfraREIT's Web site earlier this morning on November 1, 2018.

Please take note of certain language contained in the Safe Harbor statements on ***slide 1 and slide 2*** of the Supplemental Slides. The Company cautions that certain statements made as part of these remarks below are forward-looking and are subject to various risks and uncertainties. Actual results may differ materially from our projections and expectations. These risks and uncertainties are discussed in our reports filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's forward-looking statements represent its outlook only as of today. InfraREIT disclaims any obligation to update these statements except as may be required by law.

This morning's remarks focus on InfraREIT's third quarter 2018 financial results and summarize selected points regarding the transactions we signed with Oncor Electric Delivery Company LLC ("Oncor") and Sharyland in October. As reflected on ***slide 3,*** our third quarter results were in line with our expectations. Lease revenue decreased five percent, driven by the change in the allocation of the total rent components between base and percentage rent (as reflected by higher total lease revenue during the first nine months of 2018 relative to the first nine months of 2017), partially offset by additional assets under lease for 2018. Our net income for the quarter was $19.7 million, compared to $21.2 million in the prior year. The $1.5 million decrease was primarily due to lower lease revenue.

We are committed to our franchise as a transmission-focused utility and investing to support load growth in West Texas and the expansion of renewables in the Panhandle. During the third quarter, our total capital expenditures equaled $17 million.

On October 18, 2018, we announced that InfraREIT entered into a definitive agreement to be acquired by Oncor for $21.00 per share in cash, valued at approximately $1.275 billion, plus the assumption of approximately $940 million of InfraREIT's net debt as of September 30, 2018. The transaction is a result of the Company's evaluation and pursuit of De-REIT Alternatives and is expected to close by mid-2019.

Slide 4 provides additional details regarding the pending sale to Oncor and a description of the related asset exchange transaction, discussed below. The $21.00 per share price represents an 18 percent premium to InfraREIT's unaffected share price on January 12, 2018 of $17.79. This was the last trading day before Hunt announced it was pursuing alternative arrangements between itself and InfraREIT.

As a condition to Oncor's acquisition of InfraREIT, our subsidiary, Sharyland Distribution & Transmission Services, L.L.C. ("SDTS"), signed an agreement with our tenant, Sharyland, to exchange our South Texas assets for Sharyland's Golden Spread Project located in the Texas Panhandle and certain other assets, including Sharyland's right to participate in the Lubbock Power & Light interconnection ("LP&L Project"). This asset exchange will be completed prior to Oncor's acquisition of InfraREIT. The asset exchange transaction is structured for tax purposes as a like-kind exchange.

As a result, upon closing of both transactions, Oncor will own all of InfraREIT's existing transmission system excluding the South Texas assets and will also own the Golden Spread Project and certain other assets currently owned by Sharyland; Sharyland will own the Cross Valley Project and SDTS's South Texas assets and will operate as an independent utility.

We expect to continue to pay our regular quarterly dividends of $0.25 per share through the closing of the transactions. This will include a pro-rated dividend for any partial quarter prior to the closing.

Under the merger agreement, InfraREIT has 30 days from October 18th to solicit alternative proposals from third parties under the terms of a "go-shop" provision. The press release that we issued on October 18th provides additional details regarding the "go-shop" process and timeline, and we recommend that you also review the press release and other reports that we filed or that we file in the future with the SEC.

The merger agreement requires SDTS, Sharyland and Oncor to file a Sale-Transfer Merger application ("STM") with the Public Utility Commission of Texas (the "PUCT") no later than November 30, 2018.

Slide 5 summarizes the closing conditions and our estimated timeline. The closing of the transaction is subject to the approval of InfraREIT's stockholders, including the approval of a majority of shares held by stockholders other than Hunt. Additional information regarding a special meeting of InfraREIT's stockholders will be provided in a proxy statement that will be filed by InfraREIT with the SEC by December 10, 2018. Additionally, the PUCT will need to approve several aspects of the transactions, including the asset exchange, Oncor's purchase of InfraREIT and Sempra Energy's indirect 50 percent ownership of Sharyland. Other regulatory approvals are also required, including: Federal

Energy Regulatory Commission approval, Hart-Scott-Rodino clearance and clearance from the Committee of Foreign Investment in the U.S., also known as CFIUS. Finally, certain lender consents, the closing of Sempra Energy's indirect 50 percent investment in Sharyland and other customary closing conditions will be required. After the receipt of all required approvals, the transaction is expected to close by mid-2019.

Turning to ***slide 6***: as described in prior conference calls and investor presentations, InfraREIT benefits from a strong asset franchise that is located in the growing ERCOT market and is well-positioned to take advantage of the ongoing expansion of renewables in the Texas Panhandle and South Plains, as well as high growth in West Texas. However, several factors contributed to the Board of Directors reaching a decision to direct management in May 2018 to pursue De-REIT Alternatives for the Company. Among other factors, the Company's current REIT structure, the Tax Cuts and Jobs Act enacted by Congress in December 2017, and potential outcomes in our 2020 rate case are expected to negatively impact the Company's financial outlook as a stand-alone company. The actual impacts from these and other factors would depend on timing, method of implementation and other considerations.

To further elaborate on these three factors that, among others, would impact a stand-alone scenario: First, as part of any De-REIT alternative, the Company would begin to record federal corporate income taxes on its income statement at a 21 percent tax rate. Second, given that the leases currently in effect reflect the 35 percent federal corporate income tax rate in place before the passage of the Tax Cuts and Jobs Act, repricing InfraREIT's leases to implement the 21 percent federal corporate income tax allowance, while holding all other factors constant, would reduce net income attributable to InfraREIT, Inc. common stockholders by approximately $0.30 per share (pre-tax) per year. Third, along with any other factors that might be considered in our 2020 rate case, the Company's allowed cost of debt would be reduced from the 6.73 percent rate currently recovered through rates, as our current weighted average interest rate is lower than 6.73 percent.

As reflected on ***slide 7,*** the Conflicts Committee considered several potential De-REIT Alternatives, including analysis of a stand-alone plan that would involve InfraREIT completing an asset exchange with Sharyland (similar to the asset exchange between SDTS and Sharyland described in the October 18th announcement) and InfraREIT remaining a stand-alone company. As part of this potential stand-alone alternative, InfraREIT would implement the asset exchange, convert from a REIT to a C-corporation and remain an independent company operating as a publicly traded C-corporation. This stand-alone plan would include the full impacts of the Tax Cut and Jobs Act and an income tax allowance at the 21 percent rate along with assumptions about potential outcomes associated with the 2020 rate case (including adjusting the cost of debt recovered through rates) and the completion of the LP&L Project. Other key assumptions are listed on ***slide 29*** in the appendix. The table on ***slide 7*** shows the estimated EPS profile associated with this set of assumptions for this potential stand-alone alternative. As shown on the table, estimates for 2022 reflect the full year-run rate impact of this set of assumptions, including the implementation of rate case outcomes and the completion of the LP&L Project. Based on the assumptions for this stand-alone alternative for InfraREIT, the 2022 EPS mid-point estimate is $1.04 per share. Using the $21.00 per share offer price, that implies a 4-year forward price to earnings multiple of 20.2 times the mid-point of estimated 2022 earnings. The Conflicts Committee considered this analysis in its evaluation of the transactions that we signed in October.

Turning to ***slide 8***, an important element of InfraREIT's growth strategy has been the potential acquisition of transmission projects developed by Hunt, our development partner. Hunt developed and constructed the Cross Valley and Golden Spread transmission lines, both of which were energized in 2016 and are currently operating. Other projects that Hunt is currently pursuing include generation interconnections in the Texas Panhandle, Lubbock Power & Light's integration into ERCOT, and a couple of projects outside of Texas.

The PUCT authorized Lubbock Power & Light's move from the Southwest Power Pool into ERCOT in March of this year. LP&L and Sharyland will build the required transmission interconnections and will work jointly to determine which portions of the new transmission lines and substations would be built by each party. The initial project estimates for the entire construction program that will be split between the two parties is $364 million, of which we expect less than $10 million to constitute InfraREIT's Footprint capex. In September, the LP&L Project team filed two of the four expected CCN applications, with the final two CCN applications expected to be filed by year-end 2018. Sharyland expects the project to be completed in mid-2021.

Sharyland's proposal for the South Plains Reinforcement Project, which ERCOT reviewed in 2017, included new transmission lines and the addition of a third synchronous condenser to our Panhandle system. The South Plains project is being rescoped given the significant geographic overlap with what has already been approved as part of LP&L's integration plan.

Recently, Hunt has also seen increasing activity by renewables developers in the Panhandle region, likely reflecting the combination of stronger ERCOT price signals and recently completed or approved transmission projects, such as the LP&L Project. Hunt and Sharyland have started construction of a new station in Deaf Smith County to connect a wind generator to the ERCOT grid by mid-2019. Most of these potential generation interconnections, including the new station at Deaf Smith County, would be ROFO projects but could also include some incremental Footprint capex.

As a result of the asset exchange and Oncor's acquisition of InfraREIT, Oncor will acquire Sharyland's interest in the LP&L Project, pending interconnection agreements in the Panhandle and West Texas, and certain other assets in the Panhandle and West Texas.

Slide 9 reviews our key financial metrics for the third quarter. Lease revenue decreased 5 percent to $48.9 million compared to last year. Net income came in at $19.7 million, down from $21.2 million the prior year. Our earnings per share decreased to $0.32 and our Non-GAAP EPS decreased slightly to $0.35.

Slide 10 covers the same metrics for the nine-month period ended September 30, 2018. For that period lease revenue grew 8 percent while net income increased to $61.4 million. The change in lease revenue was in line with our expectations. The increase in lease revenue was driven by the change in total rent components between base and percentage rent and additional assets under lease. We expect 2018 lease revenue to be comprised of approximately 95 percent fixed rent relative to 87 percent fixed rent during 2017. This is due to the Permian Lease, which was renewed in December, and the new assets acquired as part of last fall's asset exchange transaction with Oncor ("2017 Asset Exchange Transaction") being priced at 100 percent fixed rent. This means a larger portion of our revenue will be recognized across all four quarters of 2018, and the percentage rent recognized only in the third and fourth quarters will be lower than 2017. Earnings per share grew from $0.70 to $1.01 during the first nine months of 2018 relative to the first nine months of 2017. Non-GAAP EPS increased by 22 percent to $0.93 per share relative to the same period last year.

Slide 11 explains several factors that led to Non-GAAP Net Income decreasing to $21.1 million for the quarter. Lease revenue decreased $2.7 million due to the factors mentioned above. Other income, net decreased $0.3 million due to the recognition of the allowance for funds used during construction on other funds ("AFUDC-equity") during the third quarter of 2017 that we did not recognize in the third quarter of 2018. Adding to net income was a decrease of $1.3 million in depreciation expense, $0.3 million in interest expense, $0.2 million improvement in our base rent adjustment, and a $0.5 million net decrease in general and administrative expense. Additionally, depreciation decreased $1.3 million when compared to last year, due to the transmission assets we acquired in the 2017 Asset Exchange Transaction having a longer useful life and a lower depreciation rate than the distribution assets we transferred.

Turning to ***slide 12***, our Non-GAAP Net Income for the nine months ended September 30, 2018, was $56.3 million. The increase in our Non-GAAP Net Income was largely driven by the $10.7 million increase in lease revenue. Depreciation decreased $3.4 million when compared to last year. Other income, net increased $0.7 million due to the recognition of higher AFUDC-equity during 2018 compared to 2017. These positive factors were partially offset by a $1.7 million increase in interest expense, a $3.2 million reduction in our base rent adjustment, and a $0.1 million net decrease in general and administrative expense.

On ***slide 13***, we address our guidance. Our 2018 EPS and Non-GAAP EPS are both projected in the range of $1.35 to $1.40. Although the ranges are the same, there are several differences between EPS and Non-GAAP EPS. Non-GAAP EPS includes adjustments related to straight-line rent, expenses associated with the 2017 Asset Exchange Transaction, the pending sale of InfraREIT and professional services fee related to the Texas franchise tax settlement and the removal of the accrued taxes, penalties and interest related to the Texas franchise tax settlement. Relative to prior estimates, the change in EPS guidance was driven primarily by lower than expected net interest expense due to not refinancing the Company's existing floating rate debt, along with lower than expected routine general and administrative expense and higher than expected revenues and AFUDC-equity, partially offset by higher general and administrative expense due to transaction costs associated with the pending sale of InfraREIT. The increase in guidance for Non-GAAP EPS was driven primarily by lower than expected net interest expense due to not refinancing the Company's existing floating rate debt, along with lower than expected routine general and administrative expense and higher than expected revenues and AFUDC-equity.

Additionally, InfraREIT expects to maintain the Company's current quarterly cash dividend of $0.25 per share through the transaction close. These forecasted amounts assume that Sharyland continues to make its existing lease payments as scheduled during 2018 and also reflect that we will maintain our REIT status through the transaction close.

Slide 14 highlights our projected Footprint capital expenditures. We have updated our 2018 and 2019 forecasts, while 2020 remains unchanged. We narrowed our expected range for 2018 to $55 to $70 million and increased our expected range for 2019 to $20 to $35 million. Our 2020 forecasted range remains the same at $10 to $50 million.

In summary, we had a solid quarter from an operational perspective, followed by the announcement of the transactions with Oncor and Sharyland in October. Thank you for your time today and your interest in InfraREIT.

Important Additional Information and Where to Find It

This communication relates to a proposed business combination between InfraREIT and Oncor. The proposed merger and the related agreement and plan of merger will be submitted to the Company's stockholders for their consideration and approval. In connection with the proposed transaction, the Company will file a proxy statement with the SEC. This communication does not constitute a solicitation of any vote or proxy from any stockholder of the Company. Investors are urged to read the proxy statement carefully and in its entirety when it becomes available, as well as any other relevant documents or materials filed or to be filed with the SEC or incorporated by reference in the proxy statement, because they will contain important information about the proposed acquisition. The definitive proxy statement will be mailed to the Company's stockholders. In addition, the proxy statement and other documents will be available free of charge at the SEC's website, www.sec.gov. When available, the proxy statement and other pertinent documents may also be obtained free of charge at the Investor Relations section of InfraREIT's website, www.InfraREITInc.com, or by directing a written request to InfraREIT, Inc., Attention: Corporate Secretary, 1900 North Akard Street, Dallas, Texas 75201.

Participation in the Solicitation

The Company and its directors and executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the Company's directors and executive officers is available in its definitive proxy statement for its 2018 Annual Meeting of Stockholders filed with the SEC on March 22, 2018. Other information regarding the participants in the proxy solicitation and a description of their direct or indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

Forward Looking Statements

This communication contains forward-looking statements within the meaning of the federal securities laws. These statements give the current expectations of the Company's management. Words such as "could," "will," "may," "assume," "forecast," "strategy," "guidance," "outlook," "target," "expect," "intend," "plan," "estimate," "anticipate," "believe," or "project" and similar expressions are used to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this communication include the Company's expectations regarding anticipated financial and operational performance, including projected or forecasted financial results, distributions to stockholders, capital expenditures and other forecasted metrics as well as the consummation of the transactions described herein.

Forward-looking statements can be affected by assumptions used or known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed and actual results may differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include, among other things, (a) the following risks inherent in the transactions (in addition to others described elsewhere in this document and in the subsequent filings with the SEC): (1) failure to obtain the approval of the Company's stockholders; (2) failure to obtain regulatory approval necessary to consummate the transactions or to obtain regulatory approvals on favorable terms and (3) delays in consummating the transactions or the failure to consummate the transactions and (b) other risks and uncertainties disclosed in the Company's filings with the SEC, including, among others, the following (1) decisions by regulators or changes in governmental policies or regulations with respect to the Company's organizational structure, lease arrangements, capitalization, acquisitions and dispositions of assets, recovery of investments, the Company's authorized rate of return and other regulatory parameters; (2) the Company's current reliance on its tenant for all of its revenues and, as a result, its dependency on the tenant's solvency and financial and operating performance; (3) the amount of available investment to grow the Company's rate base; (4) the Company's ability to negotiate future rent payments or to renew leases with its tenant; (5) insufficient cash available to meet distribution requirements; and (6) the effects of existing and future tax and other laws and governmental regulations.

Because the Company's forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond the Company's control or are subject to change, actual results could be materially different and any or all of the Company's forward-looking statements may turn out to be wrong. Forward-looking statements speak only as of the date made and can be affected by assumptions the Company might make or by known or unknown risk and uncertainties. Many factors mentioned in this communication and in the Company's annual and quarterly reports will be important in determining future results. Consequently, the Company cannot assure you that the Company's expectations or forecasts expressed in such forward-looking statements will be achieved.

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