

## **INFRAREIT, INC.**

### **Audit Committee Charter**

**Adopted as of January 29, 2015**

The Board of Directors (the “Board”) of InfraREIT, Inc. (the “Company”) has established the Audit Committee of the Board (the “Committee”) with the authority, responsibilities and specific duties as provided in this Charter adopted by the Board as of the date set forth above.

#### ***Purpose***

The Committee exists to assist the Board in fulfilling its oversight responsibilities with respect to financial reports, the adequacy and effectiveness of the Company’s system of internal controls, compliance with legal and regulatory requirements, and other financial information provided by the Company to its stockholders and others by carrying out the duties set forth in this Charter.

#### ***Committee Membership***

The Committee shall consist of no fewer than three members of the Board, each of whom shall meet the independence requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the applicable rules of the New York Stock Exchange (the “NYSE”), as amended from time to time, and the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, all of the members will be directors independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. Additionally, all members of the Committee shall be financially literate with a working familiarity with basic finance and accounting practices, as required by the NYSE rules, and at least one member shall meet the qualifications of an “audit committee financial expert,” as defined in Item 407(d) of Regulation S-K promulgated by the SEC.

The members of the Committee shall be appointed annually by the Board on the recommendation of the Compensation, Nominating and Corporate Governance Committee and shall serve until their successors are duly elected and qualified by the Board, or until their earlier resignation or removal. The Chairman of the Committee shall be designated by the Board. If the Board should fail to designate a Chairman, or should the Chairman be absent or unavailable, the members of the Committee may designate a chair by majority vote of the full Committee membership.

The Company does not limit the number of public company audit committees on which a Committee member serves, but if a member serves on more than two other public company audit committees, the Board must have determined that this simultaneous service would not impair the Committee member’s ability to serve effectively on the Committee, and the Company must disclose this determination in its proxy statement for its annual meeting.

The Board shall have the authority at any time to remove one or more members of the Committee, with or without cause.

Subcommittees of the Committee may be formed to address specific matters identified by the Committee, including the authority to grant preapprovals of audit and other permissible services (as described below). The Committee and any such Subcommittees collectively are referred to below as “Committee.”

### ***Oversight Areas***

- Integrity of the financial statements of the Company.
- Internal controls, including internal control over financial reporting.
- Compliance with legal and regulatory financial and reporting requirements.
- Although the Board has primary responsibility for the oversight of enterprise risk and insurance, the Committee will assist the Board with the assignment to the various committees of the Board responsibility for further oversight and review of specific aspects of enterprise risk and insurance more closely aligned with such committees and also coordinate the reporting by such committees to the Board.
- Independence, qualifications and performance of the Company’s independent auditors.
- Internal audit function’s qualifications, independence and performance.
- Compliance with the provisions of the Company’s Code of Business Conduct and Ethics relating to financial matters, books and records and accounting and applicable statutes, rules and regulations.

### ***Meetings***

The Committee shall meet at least once during each fiscal quarter, with additional meetings scheduled as necessary or desirable. Meetings may be called by or at the direction of the Chairman of the Committee, any two members of the Committee or the Chairman of the Board. The Chairman of the Committee shall preside at the meetings of the Committee. In the absence of the Chairman of the Committee, the majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting.

In general, directors who are not Committee members may attend meetings of the Committee, except when the Chairman of the Committee determines otherwise. The Committee shall meet periodically with management, those responsible for the internal audit function and the auditors, in separate executive sessions, to discuss any matters that the Committee or any of these individuals or groups believe should be discussed privately. At least once per year, the Committee shall also meet privately with the Company’s General Counsel.

The Committee may adopt such other rules and regulations for calling and holding its meetings and for the transaction of business at such meetings as may be necessary or desirable and not inconsistent with the Bylaws of the Company (the “Bylaws”) or this Charter. The Committee shall maintain written minutes of its meetings, which minutes shall be filed with the Company’s records and available to every member of the Board.

### ***Quorum***

A majority of the total members constitutes a quorum of the Committee. A majority of the members of the Committee in attendance at a meeting, where a quorum is present, is empowered to act on behalf of the Committee, except as may be provided otherwise in the Bylaws or this Charter.

### ***Agenda Items***

A detailed written agenda shall be prepared by or under the supervision of the Chairman of the Committee and distributed in advance of each Committee meeting to the extent possible. The Committee shall maintain a high degree of independence both in establishing its agenda and directly accessing various members of the Company and subsidiary management. Each meeting of the Committee shall have an “Executive Session” as an agenda item. Committee members and other directors may suggest the addition of any matter to the agenda for any meeting of the Committee. Any Committee member may raise at any meeting of the Committee any subjects that are not on the agenda for that meeting.

### ***Committee Authority and Responsibilities***

The Committee’s principal responsibility is one of oversight. The Company’s management is responsible for preparing the Company’s financial statements and the auditors are responsible for auditing and reviewing those financial statements. Additionally, the Committee recognizes that financial management and those responsible for the internal audit function, as well as the auditors, have more knowledge and more detailed information about the Company than do the members of the Committee; consequently, in carrying out its oversight responsibilities the Committee is not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the auditor’s work. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company (including the Company’s internal audit staff and the auditors) from whom the Committee receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the independent auditors to the Company.

Pursuant to the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC, the Committee shall be directly responsible for the appointment, compensation, retention, termination, evaluation and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review

or attest services for the Company (any such firm is referred to in this Charter as the Company's auditors).

The Committee shall have and may exercise all the powers of the Board, except as may be prohibited by law, with respect to all matters encompassed by this Charter, and shall have all the power and authority required under the Sarbanes-Oxley Act of 2002. In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without the requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee) hereunder shall be at the Committee's sole discretion. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Prior to the Committee's initial engagement of any public accounting firm as the Company's independent auditors, the Committee shall obtain and review a written report from such independent auditors regarding all relationships between such independent auditors or their affiliates (as defined by the Public Company Accounting Oversight Board (the "PCAOB")) and the Company or persons in a financial reporting oversight role, including all matters set forth in PCAOB Rule 3526. The Committee shall discuss such report and the potential effects of such relationships with the independent auditors before their initial engagement. The substance of such discussion shall be documented in writing.

The auditors of the Company are ultimately accountable to the Committee and the Board, as opposed to management of the Company. The Committee shall have the sole authority to appoint and, where appropriate, replace the Company's auditors and to approve all audit engagement fees and terms. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Company's outside auditors for the purpose of preparing or issuing an audit report or performing any other services for the Company. The Committee shall be directly responsible for the compensation and oversight of the work of the Company's auditors (including resolution of any disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing any other services for the Company. The Company's auditors shall report directly to the Committee.

The Committee shall preapprove all audit, review or attest engagements and permissible non-audit services to be performed by the Company's auditors, subject to, and in compliance with, the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and the applicable rules and regulations of the SEC.

The Committee may delegate authority to grant preapprovals of audit and other permissible services to the Chair of the Committee when the Committee deems it appropriate to do so. The Committee also may delegate such preapproval authority to any of its members, including Subcommittees of the Committee. Any decisions of the Chair or Subcommittee of the

Committee or any of its members to grant preapprovals shall be reported to the full Committee at the next meeting of the Committee.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight responsibility. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

### **Disclosure and Reporting**

1. Prepare a report for inclusion in the Company's annual proxy statement, with the names of all Committee members, in compliance with applicable SEC rules.
2. Oversee the Company's compliance with the NYSE's written confirmation requirements.

### **Documents/Reports Review**

3. Review and discuss with management and the Company's auditors the annual audited financial statements, and the related footnotes and disclosures, as well as specific disclosures made in management's discussion and analysis of financial condition and results of operations in the Company's Annual Report on Form 10-K, including any matters raised by the auditors pursuant to applicable audit and SEC requirements.
4. Review and discuss with management and the Company's auditors the Company's quarterly financial statements, and the related footnotes and disclosures, as well as specific disclosures made in management's discussion and analysis of financial condition and results of operations prior to the filing of the Company's Quarterly Reports on Form 10-Q, including any matters raised by the auditors pursuant to applicable audit and SEC requirements.
5. Review and discuss with management and the Company's auditors:
  - (a) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, any major issues concerning the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; and
  - (b) Analyses prepared by management and/or the Company's auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative methods of Generally Accepted Accounting Principles ("GAAP") on the financial statements.
6. Review with management the Company's earnings press releases, including the use of any "non-GAAP financial measures," as well as financial information and

earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (covering, for example, the types of information to be disclosed and the type of presentation to be made).

7. Review with management and the Company's auditors the effect of regulatory and accounting initiatives.
8. Review significant internal audit reports and management's responses with those responsible for the internal audit function.
9. Review the report of the Company's auditors regarding (1) all critical accounting policies and practices used by the Company, (2) all alternative treatments of financial information within GAAP relating to material items that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the auditors, and (3) other material written communications between the auditors and management.
10. Oversee the provisions of the Company's Code of Business Conduct and Ethics relating to financial matters, books and records, and accounting and applicable statutes, rules and regulations.
11. At least annually, obtain and review a report by the Company's auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the auditors and the Company as contemplated by applicable requirements of the PCAOB concerning the auditor's independence. The Committee shall evaluate the Company's auditors' qualifications, performance and independence, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence. In making this evaluation, the Committee shall take into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the Company's auditors to the full Board.
12. Review with Management the Company's REIT tax compliance reports.

### **Auditors**

13. Advise the Board each year of the Committee's appointment of an independent registered public accounting firm to serve as the Company's principal independent auditors. In accordance with SEC requirements, the Committee will not appoint or otherwise approve a registered public accounting firm to perform an audit if the Company's Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer (if applicable), Controller (or equivalent) was employed by

the accounting firm and participated in the Company's audit during the one-year period preceding the date of initiation of the current audit. Notwithstanding the power and authority of the Committee with respect to the appointment, compensation, retention and oversight of the Company's auditors, the Committee, in its discretion, may submit any such matter, along with its recommendation with respect thereto, to the full Board for consideration, approval and ratification.

14. On an annual basis, after completion of the annual audit of the Company's consolidated financial statements included in the Annual Report on Form 10-K and prior to its filing, review with auditors any significant changes required in the audit plan; any serious difficulties or disputes with management encountered during the course of the audit; and other matters related to the conduct of the audit which are to be communicated to the Committee under applicable auditing standards of the PCAOB, including but not limited to discussions relating to the auditors' judgment about such matters as to the quality, not just the acceptability, of the Company's accounting practices. On an annual basis, obtain from the Company's auditors assurance that Section 10A(b) of the Exchange Act has not been implicated with respect to the Company's most recently completed fiscal year.
15. Annually approve the fees and other compensation to be paid to the auditors.
16. Require a formal written statement from the auditors consistent with applicable requirements of the PCAOB concerning the auditor's independence. The Committee is responsible for oversight of auditors' independence and shall discuss annually with the auditors any relationships or services that may impact the auditors' independence, and take, or recommend to the full Board, actions to ensure that independence.
17. Discuss with the auditors the auditors' judgment about the quality of the Company's accounting principles and the underlying estimates as required by auditing standards of the PCAOB.
18. Require that the auditors communicate to the Committee (or be satisfied that management has communicated) with regard to their quarterly reviews any matters of the types described in the auditing standards of the PCAOB.
19. Review the capabilities and performance of the lead and engagement partner of the Company's auditors.
20. Confirm the regular rotation of the audit partners as required by applicable law. Consider whether there should be periodic rotation of the auditors.
21. Review with the Company's auditors any communication or consultation between the Company's audit team and the auditors' national office respecting auditing or accounting issues presented by the engagement.

22. Establish hiring policies with and for the persons serving as the Company's employees relative to employment by the Company or the Company's external Manager (and their affiliates) of the Company's auditors' personnel or former personnel, which may take into account whether a proposed employee participated in any capacity in the audit of the Company.
23. Meet with the Company's auditors prior to the audit to review the planning and staffing of the audit.

### **Internal Audit Function**

24. The Committee shall review and approve the appointment, replacement, reassignment or dismissal of those responsible for the internal audit function.
25. Annually, the Company's internal auditor shall submit to persons serving as the Company's senior management and the Committee a summary of the audit work schedule, staffing plan and budget for the following fiscal year. The plan shall take into consideration the expectations of the Committee, senior management and other key stakeholders. The audit work schedule is to be developed based on a prioritization using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Committee through periodic activity reports.
26. Review the results of the internal audit process with management and those responsible for the internal audit function, including significant findings, management's responses thereto, and the status of corrective actions or implementation of recommendations.
27. Evaluate the budget, activities, organizational structure and qualifications of the persons serving as the Company's internal auditors.

### **Ethical and Legal Compliance**

28. Review the disclosures that the Company's Chief Executive Officer and Chief Financial Officer make to the Committee and the Company's auditors in connection with the certification process for the Company's Reports on Form 10-K and Form 10-Q concerning any significant deficiencies or weaknesses in the design or operation of internal control over financial reporting and any fraud that involves management or other employees of the Company's external manager and tenant(s) who have a significant role in the Company's internal control over financial reporting.
29. Review with the Company's General Counsel any legal matter that could have a significant impact on the financial statements, the Company's relevant compliance policies and any material reports or inquiries received from regulators or governmental agencies.

30. Review management's monitoring of compliance with the Company's Code of Business Conduct and Ethics relating to financial and accounting matters, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to the public satisfy legal requirements.
31. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company's external manager and tenant(s) of concerns regarding questionable accounting or auditing matters, ensuring that such reports are also delivered to the Committee Chair.
32. Exercise oversight of risks related to the Committee's oversight areas, as set forth in this Charter and as required by NYSE rules, and periodically report to the Board on such risks.

#### **Other**

33. Make periodic reports to the Board regarding the activities of the Committee and the items set forth in this Charter.
34. Annually evaluate the Committee's own performance and report such assessment to the Board and/or the Compensation, Nominating and Corporate Governance Committee.
35. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
36. Perform such other functions the Committee or the Board deems necessary or appropriate under applicable law; the Company's charter and the Bylaws and the resolutions and other directives of the Board.

#### ***Outside Advisors; Expenses***

The Committee shall have authority to select, retain, terminate and approve the fees and other retention terms of independent or outside counsel or other advisors, in each case of its choice and as it determines to be necessary or appropriate to carry out its duties. The Company shall provide for appropriate funding, as determined by the Committee, for compensation to any advisors employed by the Committee, and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### ***Website***

This Charter, as it may be amended from time to time, shall be posted on the Company's website.