



Frequently Asked Questions

Regarding Sharyland Utilities' Proposed Transaction With Sempra Energy
Announced on October 18, 2018

1) What is the proposed transaction?

The proposed transaction is part of a series of transactions that involve multiple parties, including:

- Sharyland Utilities (Sharyland)
- Sharyland Distribution & Transmission Services, L.L.C. (SDTS), the entity that owns the vast majority of transmission assets that Sharyland operates
- InfraREIT, Inc., the parent company of SDTS
- Oncor Electric Delivery Company, LLC (Oncor)
- Sempra Energy, which owns an indirect 80.25% interest in Oncor

This proposed set of transactions will result in Oncor acquiring InfraREIT's electric transmission utility business, which Hunt created and developed in Texas through Sharyland and its affiliates over the past 20 years. Upon closing, Oncor will own and operate all of Sharyland's and SDTS' existing electric transmission assets located in Central Texas, West Texas, and the Texas Panhandle and South Plains.

Sharyland will continue as an independent privately-held transmission utility, owned 50 percent by entities controlled by Hunter L. Hunt and other members of the family of Ray L. Hunt and 50 percent by entities controlled by Sempra Energy, and will own Sharyland's and SDTS' existing transmission assets in South Texas. Sharyland will continue to seek development opportunities that benefit customers throughout the State in partnership with Sempra Energy and Oncor.

2) Does this transaction mean that Sharyland is being sold and getting out of the electric utility business?

No. Sharyland remains strongly committed to the electric transmission business that we created here in Texas, and we are proud of what we have accomplished over the past 20 years.

3) Does this transaction mean that Sharyland will once again provide retail electric service to customers in South Texas?

No. Sharyland will remain a transmission-only utility and will not provide retail electric service to any customers.

4) What are the benefits of this proposed transaction?

This transaction will return Sharyland to a more traditional privately-held and fully integrated structure. It will also provide us with a strong and active partner in Sempra Energy, resulting in an investment grade utility with a long-term focus.

Sharyland has been involved in the electric utility business in Texas for almost 20 years, and through that time, we have consistently developed and completed innovative projects throughout Texas – on time and under budget – that have brought tangible benefits to the communities where we operate.

5) What approvals will this transaction require?

This transaction will require the approval of the Public Utility Commission of Texas (PUCT), and InfraREIT's transaction with Oncor will also require a vote of approval from the majority of InfraREIT shareholders, among other approvals. Assuming these approvals are obtained, Sharyland expects to close the transaction by mid-2019.