UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): December 3, 2015

InfraREIT, Inc.
(Exact name of registrant as specified in its charter)

Maryland	**001-36822**	**75-2952822**
(State or Other Jurisdiction of Incorporation or Organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1807 Ross Avenue, 4 th Floor Dallas, Texas	**75201**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (214) 855-6700

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

SDTS Debt Arrangements

Note Purchase Agreement

On December 3, 2015, Sharyland Distribution & Transmission Services, L.L.C. (" SDTS "), which is a subsidiary of InfraREIT, Inc. (" InfraREIT " and, together with its subsidiaries, the " Company "), entered into a note purchase agreement (the " Note Purchase Agreement ") with certain initial purchasers of the notes thereunder (collectively, the " Purchasers "), pursuant to which SDTS agreed to sell (i) $400.0 million in aggregate principal amount of its 3.86% senior notes, Series A, due December 3, 2025 (the " Series A Notes ") and (ii) $100.0 million in aggregate principal amount of its 3.86% senior notes, Series B, due January 14, 2026 (the " Series B Notes " and, together with the Series A Notes, the " Notes ") in a private placement conducted pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended (the " Securities Act "). The closing of the issuance of the Series A Notes occurred on December 3, 2015, and the closing of the issuance of the Series B Notes is expected to occur on January 14, 2016, subject to customary closing conditions. The proceeds from the private placement of the Notes will be used to refinance a portion of the senior secured debt at Sharyland Projects, L.L.C., which, prior to the Merger described below, was a wholly-owned subsidiary of SDTS (" SPLLC ").

Interest will accrue on the Notes at 3.86% per annum and will be payable (i) with respect to the Series A Notes, on December 3 and June 3 of each year, beginning June 3, 2016 and (ii) with respect to the Series B Notes, on January 14 and July 14 of each year, beginning July 14, 2016. The entire principal amount of the Series A Notes is due and payable on December 3, 2025, and the entire principal amount of the Series B Notes is due and payable on January 14, 2026. SDTS may at any time and from time to time prepay all or a portion of the Notes together with an applicable make-whole premium thereon. The Notes are also subject to required prepayments upon the occurrence of certain events. The Notes will not be registered under the Securities Act, or any state securities laws, and unless so registered, the securities may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Notes will be secured by substantially all of SDTS's transmission and distribution assets, its leases, certain accounts and the equity interests in SDTS held by Transmission and Distribution Company, L.L.C., which is a subsidiary of InfraREIT (" TDC "). InfraREIT is not obligated directly or contingently with respect to the Notes.

The Note Purchase Agreement contains customary representations and warranties of SDTS and the Purchasers and also contains customary events of default and certain covenants which will limit SDTS's ability beyond agreed upon thresholds, to, among other things: (i) incur liens; (ii) make dispositions of assets; (iii) enter into transactions with affiliates; and (iv) merge, consolidate, transfer or sell all or substantially all of SDTS's assets. These covenants are subject to a number of important exceptions and qualifications set forth in the Note Purchase Agreement.

Amended and Restated Credit Agreement

In connection with the sale of the Notes, SPLLC merged with and into SDTS, with SDTS surviving (the " Merger "). Immediately prior to the Merger, also on December 3, 2015, SPLLC entered into an amended and restated credit agreement with The Prudential Insurance Company of America, Pruco Life Insurance Company of New Jersey and Prudential Annuities Life Assurance Corporation (the " Amended Credit Agreement ") providing for the assumption by SDTS of SPLLC's outstanding $60.0 million 5.04% fixed rate notes due in 2018 (the " 2018 Notes ") and reflecting the payoff of a portion of the senior secured debt as described above. The 2018 Notes mature on June 20, 2018 with interest payable quarterly. The 2018 Notes are secured by SDTS's transmission and distribution assets, its leases, certain accounts and TDC's equity interests in SDTS. SDTS is entitled to prepay amounts outstanding under the 2018 Notes, subject to payment of a prepayment penalty equal to the excess of the discounted value of the remaining scheduled payments with respect the 2018 Notes over the amount of the prepaid 2018 Notes.

The Amended Credit Agreement contains customary covenants that include (but are not limited to) restrictions on the ability to incur additional indebtedness, create liens or other encumbrances, make investments, enter into mergers, consolidations, liquidations or dissolution, sell or otherwise transfer assets, enter into any line of business other than the business of the transmission and distribution of electric power and the provision of ancillary service, and certain restrictions on the payment of dividends. The Amended Credit Agreement also contains restrictions on the amount of indebtedness that Sharyland Utilities, L.P., the Company's sole tenant (" Sharyland "), may incur and other restrictions on, and covenants applicable to, Sharyland. SDTS must comply, at all times, with certain coverage ratios on a consolidated basis.

The foregoing descriptions of the Note Purchase Agreement and Amended Credit Agreement do not purport to be complete and are qualified in their entirety by reference to the complete text of the Note Purchase Agreement and Amended Credit Agreement, copies of which are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K (this " Current Report ") and are incorporated herein by reference.

Amended and Restated Lease Agreement

On December 4, 2015, SDTS entered into an amended and restated lease agreement (the " Amended Lease ") with Sharyland, pursuant to which Sharyland leases substantially all of the Company's Panhandle transmission assets, to give effect to the Merger and to reflect SDTS as the lessor under the Amended Lease. The term of the Amended Lease was unchanged and continues to run through December 31, 2020, and the other material terms of the Amended Lease are the same as those described under the caption entitled "Our Leases" included under "Item 1., Business" in InfraREIT's Annual Report on Form 10-K that was filed with the Securities and Exchange Commission on March 18, 2015 (the " Form 10-K ").

As more fully described in the section of the Form 10-K entitled "Certain Relationships and Related Transactions," which section is incorporated herein by reference, Sharyland is privately-owned by Hunter L. Hunt, who serves as one of InfraREIT's directors, and other members of the family of Ray L. Hunt and is controlled by Hunter L. Hunt. Ray L. Hunt and Hunter L. Hunt indirectly control Hunt Consolidated, Inc., which is deemed to be a beneficial owner of more than 5% of InfraREIT's common stock and indirectly owns the Company's external manager.

The foregoing description of the Amended Lease does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amended Lease, a copy of which is filed as Exhibit 10.3 to this Current Report and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information included, or incorporated by reference, in Item 1.01 of this Current Report under the heading "SDTS Debt Arrangements" is incorporated by reference into this Item 2.03 of this Current Report.

Item 8.01. Other Events.

On December 3, 2015, InfraREIT issued a press release announcing the private placement of the Notes. A copy of the press release is filed as Exhibit 99.1 to this Current Report.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

EXHIBIT NUMBER		DESCRIPTION
10.1	—	Note Purchase Agreement, dated as of December 3, 2015, by and among Sharyland Distribution & Transmission Services, L.L.C. and the purchasers listed in Schedule B thereto
10.2	—	Credit Agreement, dated as of December 3, 2015, by and among Sharyland Projects, L.L.C. (predecessor in interest to Sharyland Distribution & Transmission Services, L.L.C.) and The Prudential Insurance Company of America, Pruco Life Insurance Company of New Jersey and Prudential Annuities Life Assurance Corporation
10.3	—	Third Amended and Restated Lease Agreement (CREZ Lease), dated December 4, 2015, between Sharyland Distribution & Transmission Services, L.L.C. and Sharyland Utilities, L.P.
99.1	—	Press release, dated December 3, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

InfraREIT, Inc.

Date: December 4, 2015

By: /s/ Benjamin D. Nelson
Benjamin D. Nelson
Senior Vice President and General Counsel

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99.1	—	Press release, dated December 3, 2015

Exhibit 10.1

EXECUTION VERSION

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

$400,000,000 3.86% Senior Notes, Series A, due December 3, 2025
and
$100,000,000 3.86% Senior Notes, Series B, due January 14, 2026

NOTE PURCHASE AGREEMENT

Dated as of December 3, 2015

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SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.
1807 ROSS AVENUE, 4TH FLOOR
DALLAS, TEXAS 75201-2300

3.86% SENIOR NOTES, SERIES A, DUE DECEMBER 3, 2025
AND
3.86% SENIOR NOTES, SERIES B, DUE JANUARY 14, 2026

Dated as of December 3, 2015

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE B HERETO:

Ladies and Gentlemen:

Sharyland Distribution & Transmission Services, L.L.C., a Texas limited liability company (together with any successor thereto that becomes a party hereto pursuant to **Section 10.2**, the **"Company"**), agrees with each of the Purchasers as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of (i) $400,000,000 aggregate principal amount of its 3.86% Senior Notes, Series A, due December 3, 2025 (the **"Series A Notes"**) and (ii) $100,000,000 aggregate principal amount of its 3.86% Senior Notes, Series B, due January 14, 2026 (the **"Series B Notes"** and together with the Series A Notes, as each may be amended, restated or otherwise modified from time to time pursuant to **Section 17** and including any such notes issued in substitution therefor pursuant to **Section 13**, the **"Notes"**). The Notes shall be substantially in the forms set out in **Schedule 1(a)** and **Schedule 1(b)**, respectively. Certain capitalized and other terms used in this Agreement are defined in **Schedule A**. References to a "Schedule" are references to a Schedule attached to this Agreement unless otherwise specified. References to a "Section" are references to a Section of this Agreement unless otherwise specified.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the applicable Closing provided for in **Section 3**, Notes of the series and in the principal amount specified opposite such Purchaser's name in **Schedule B** at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 W. Monroe Street, Chicago, Illinois 60603, at 10:00 a.m., Chicago time, at two Closings (each a **"Closing"**). The Closing in relation to the Series A Notes (the " **First Closing** ") shall occur on December 3, 2015 or on such other Business Day thereafter on or prior to December 8, 2015 as may be agreed upon by the Company and the Purchasers. The Closing in relation to the Series B Notes (the " **Second Closing** ") shall occur on January 14, 2016 or on such other Business Day thereafter on or prior to January 19, 2016 as may be agreed upon by the Company and the Purchasers. At each Closing the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser at such Closing in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of such Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 4426868026 at Bank of America, 901 Main Street, Dallas, TX 75202, ABA: 026009593. If at the applicable Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this **Section 3** , or any of the conditions specified in **Section 4** shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement with respect to such Closing, without thereby waiving any rights such Purchaser may have by reason of any of the conditions specified in **Section 4** not having been fulfilled to such Purchaser's satisfaction or such failure by the Company to tender such Notes.

SECTION 4. CONDITIONS TO CLOSINGS.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at each Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at each Closing (except as otherwise specified), of the following conditions:

Section 4.1. Representations and Warranties . The representations and warranties of the Company in this Agreement and the other Note Documents to which it is a party shall be correct when made and at such Closing.

Section 4.2. Performance; No Default . The Company shall have performed and complied with all agreements and conditions contained in this Agreement and the other Note Documents to which it is a party required to be performed or complied with by it prior to or at such Closing. Before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates .

(a) *Officer's Certificate* . The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in **Sections 4.1, 4.2** and **4.9** have been fulfilled.

(b) *Secretary's Certificate* . The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying as to (i) the resolutions attached thereto and other proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the other Note Documents to which it is a party and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel . Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of such Closing (a) from Baker Botts L.L.P., counsel for the Company, covering the matters set forth in **Schedule 4.4(a)** and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request, (b) from Sutherland, Asbill & Brennan LLP, special counsel for the Company, covering federal and Texas regulatory matters (and the Company hereby instructs its counsel to deliver such opinions to the Purchasers) and (c) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in **Schedule 4.4(b)** and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc . On the date of such Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes . Contemporaneously with such Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in **Schedule B** .

Section 4.7. Payment of Special Counsel Fees . Without limiting **Section 15.1** , the Company shall have paid on or before such Closing the fees, charges and disbursements of the Purchasers' special counsel

Chapman and Cutler LLP and the Purchasers' Texas counsel to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to such Closing.

Section 4.8. Private Placement Number . A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of the Notes prior to the date of the Closing with respect to such series of Notes.

Section 4.9. Changes in Structure . The Company shall not have changed its jurisdiction of formation, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity (in each case, other than in connection with the CREZ Merger), at any time following the date of the most recent financial statements referred to in **Schedule 5.5** .

Section 4.10. Funding Instructions . At least three Business Days prior to the date of such Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in **Section 3** including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents . Each Purchaser shall have received executed copies of the following, each to be (i) dated the date of such Closing unless otherwise indicated, and (ii) in form and substance satisfactory to the Purchasers:

(a) the Notes to be purchased by such Purchaser;

(b) this Agreement, dated as of the date of the First Closing;

(c) the certificates of formation of the Company certified as of a recent date by the Secretary of State of the State of Texas and by the Company's secretary or other authorized officer;

(d) the organizational documents of the Company, certified by the Company's secretary or other authorized officer;

(e) an incumbency certificate signed by the secretary and one other officer of the Company, certifying as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other Note Documents to be executed at such Closing;

(f) a certificate of the secretary of the Company attaching resolutions of its management committee or other governing body evidencing approval of the transactions contemplated by this Agreement and the other Note Documents and the issuance of the

Notes, and in each case, the execution, delivery and performance thereof, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions were duly and validly adopted and have not since been amended, revoked or rescinded;

(g) evidence of good standing as to the Company from all relevant jurisdictions; and

(h) such additional documents or certificates with respect to such legal matters or limited liability company, general partnership or other proceedings related to the transactions contemplated hereby or by the other Note Documents as may be reasonably requested by the Purchasers.

Section 4.12. Joinder Agreement, Etc. The Obligations shall be secured by a perfected first priority security interest (subject to Permitted Liens) in the Collateral in favor of the Collateral Agent, for the benefit of the Secured Parties, and the Company will deliver or cause to be delivered to the Purchasers and the Collateral Agent on the date of such Closing:

(a) a joinder agreement, substantially in the form of Exhibit A attached to the Collateral Agency Agreement, duly executed by the Company, the Collateral Agent and each Purchaser as a **"Joining Party"** (the **"2015 NPA Joinder Agreement"**);

(b) duly executed copies of each of the Security Documents;

(c) evidence of the filing and acceptance of financing statements which name the Company, as debtor, and the Collateral Agent, as secured party, in all applicable offices, together with copies of such financing statements; and

(c) such other documents, instruments and agreements any Purchaser may reasonably request to grant to the Collateral Agent first priority (subject only to Permitted Liens) perfected Liens on the Collateral.

Section 4.13. UCC Searches; and Litigation Searches . The Collateral Agent and the Purchasers shall have received UCC and litigation searches of the Company, which searches shall (i) confirm that no Liens other than Permitted Liens exist on the Collateral and that such Persons are not subject to any litigation, and (ii) be otherwise in substance satisfactory to the Collateral Agent and the Purchasers.

Section 4.14. Insurance . The Company shall have delivered to the Purchaser evidence of insurance in effect that meets the requirements of **Section 9.2** .

Section 4.15. Financial Statements . The Purchasers shall have received unaudited financial statements of the Company for the fiscal quarter ended September 30, 2015.

Section 4.16. Consents and Approvals . All Required Permits and all governmental and third party permits and regulatory and other approvals required to be in effect in connection with the issuance of the Notes hereunder have been obtained and are in effect, all applicable waiting periods have expired without any materially adverse action being taken by any applicable authority, and copies of the documentation thereof shall have been delivered to each Purchaser.

Section 4.17. Rating on Notes . Each Purchaser shall have received a copy of the letter dated December 3, 2015, issued by Moody's assigning a rating to each series of Notes of "A3" or better.

Section 4.18. Consummation of First Closing . The transactions contemplated herein with respect to the First Closing shall have been consummated in accordance with the terms and provisions hereof prior to the Second Closing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY .

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority . The Company is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, and is duly qualified and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the limited liability company power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the other Note Documents to which it is a party and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc . This Agreement, the Notes and the other Note Documents have been duly authorized by all necessary limited liability company action on the part of the Company, and this Agreement and each other Note Document (other than the Notes) constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure . The Company, through its agent, Wells Fargo Securities, LLC, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated October 2015 (the **"Memorandum"**), relating to the transactions contemplated hereby. This Agreement, the other Note Documents, the

Memorandum, the financial statements listed in **Schedule 5.5** and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to October 30, 2015 in connection with the transactions contemplated hereby and identified in **Schedule 5.3** (this Agreement, the Memorandum, the other Note Documents, and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the **"Disclosure Documents"**), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made (it being understood that the projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Company to be reasonable at the time made and that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount). Except as disclosed in the Disclosure Documents, since December 31, 2014, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates . (a) **Schedule 5.4** contains (except as noted therein) complete and correct lists of (i) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its Capital Stock outstanding owned by the Company and each other Subsidiary and (ii) the Company's senior officers.

(b) All of the outstanding shares of Capital Stock of each Subsidiary shown in **Schedule 5.4** as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate, limited liability company or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

Section 5.5. Financial Statements; Material Liabilities . The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on **Schedule 5.5** . All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations

and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). Other than borrowings under the RBC Agreement (as such agreement is in effect on the date of the First Closing), after the First Closing, the Company and its Subsidiaries do not have any Material liabilities that are not disclosed in the Disclosure Documents (it being understood that it is the intent of the Company to assume the CREZ Notes in connection with the CREZ Merger).

Section 5.6. Compliance with Laws, Other Instruments, Etc . The execution, delivery and performance by the Company of this Agreement, the Notes and the other Note Documents to which it is a party will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien (except for the Lien granted pursuant to the Security Documents) in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, limited liability company charter or by-laws, shareholders agreement or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc . No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Notes or any other Note Document to which it is a party, in each case other than (i) such as have been obtained or made and are in full force and effect and (ii) routine tax filings.

Section 5.8. Litigation; Observance of Statutes and Orders . (a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in default under any term of any Material Project Document, (ii) in violation of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in **Section 5.16**), which default or violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) Each Material Project Document is in full force and effect and constitutes the legal, valid and binding obligation of each party thereto. To the knowledge of the Company, after due inquiry, no counterparty to any Material Project Document is in breach or default under any term of any Material Project Document.

Section 5.9. Taxes . The Company and its Subsidiaries have filed all Material tax returns that are required to have been filed by them in any jurisdiction, and have paid all taxes shown to be due and payable by them on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The U.S. federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2011.

Section 5.10. Title to Property; Leases . The Company has good and sufficient title to the System, and the Company, Sharyland and their respective Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in **Section 5.5** or purported to have been acquired by the Company, Sharyland or any of their respective Subsidiaries after such date (except as sold or otherwise disposed of in a transaction permitted under this Agreement), in each case free and clear of Liens prohibited by this Agreement, except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases and easements are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc . The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with ERISA . (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any

ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by an amount that could reasonably be expected to result in a Material Adverse Effect. The term **"benefit liabilities"** has the meaning specified in section 4001 of ERISA and the terms **"current value"** and **"present value"** have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this **Section 5.12(e)** is made in reliance upon and subject to the accuracy of such Purchaser's representation in **Section 6.2** as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company . Neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than forty (40) other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations . The Company will apply the proceeds of the sale of the Notes hereunder as set forth in the "Proposed Offering" section of the Memorandum. No

part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms **"margin stock"** and **"purpose of buying or carrying"** shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness . Except as described therein, **Schedule 5.15** sets forth a complete and correct list of all outstanding Material Indebtedness of the Company and its Subsidiaries as of June 30, 2015 (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranties thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of such Indebtedness of the Company or its Subsidiaries, other than the assumption of the CREZ Notes by the Company in connection with the CREZ Merger and borrowings under the RBC Agreement (as such agreement is in effect on the date of the First Closing). Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Material Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Material Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Material Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Material Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in **Schedule 5.15** .

Section 5.16. Foreign Assets Control Regulations, Etc . (a) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (**"OFAC"**) (an **"OFAC Listed Person"**) (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act (" **CISADA** ") or any similar law or regulation applicable to it with respect to Iran or any other country, the Sudan

Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, **"U.S. Economic Sanctions"**) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii) or clause (iii), a **"Blocked Person"**). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained by the Company or any Controlled Entity on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, in connection with any investment in, or any transactions or dealings with, any Blocked Person in violation of U.S. Economic Sanctions.

(c) Neither the Company nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, **"Anti-Money Laundering Laws"**) or any U.S. Economic Sanctions violations, (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable Anti-Money Laundering Laws and U.S. Economic Sanctions.

(d) (1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, **"Anti-Corruption Laws"**), (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations Security Council or the European Union;

(2) To the Company's actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in

violation of the Governmental Official's lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any applicable law or regulation or which would cause any holder to be in violation of any law or regulation applicable to such holder; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes . (a) Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, or the ICC Termination Act of 1995, as amended.

(b) The Company is not a "public utility" under the FPA and the regulations of FERC thereunder. The execution, delivery and performance of the Company's obligations under the Note Documents requires no authorization of approval by, or notice to, and is not subject to the "public utility" jurisdiction of, FERC under the FPA.

(c) Sharyland and the holding company system of which it is a part have obtained a waiver of the requirements of 18 C.F.R. §§ 366.21, 366.22 and 366.23 (FERC Docket Nos. PH06-59-000 & PH10-18-000), but are subject to the FERC regulations relating to regulatory access to books and records. Sharyland and the holding company system of which it is a part have filed a notice of holding company status under FERC Docket No. HC06-1-000 and a revised notice of holding company status under FERC Docket No. HC10-1-000. Under FERC's currently effective regulations, the Company will be deemed not to be a "public-utility company" and as a result TDC is not a "holding company" under PUHCA.

(d) The Company is subject to regulation as an "electric utility" by the Public Utility Commission of Texas. The execution, delivery and performance of the Company's obligations under the Note Documents requires no authorization or approval by, or notice to, the Public Utility Commission of Texas or under the Public Utility Regulatory Act of Texas other than those that have been obtained.

(e) Solely by virtue of the execution, delivery and performance of the Note Documents, no Purchaser will become subject to any of the provisions of the FPA, PUHCA (based on FERC's currently effective definitions under PUHCA) or the Public Utility Regulatory Act of Texas, or to regulation under any such statute.

Section 5.18. Environmental Matters .

(a) The Company has no knowledge of any claims, nor has it received any notice of any claim, and no proceeding has been instituted raising any claim, against the Company or any of its real properties now or formerly owned, leased or operated by it, alleging any violation of any Environmental Law, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(b) The Company has no knowledge of any facts which would give rise to any claim of violation of Environmental Laws with respect to real properties now or formerly owned, leased or operated by the Company, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(c) The Company has not stored any Hazardous Materials on real properties now or formerly owned, leased or operated by it or disposed of any Hazardous Materials, in each case in a manner contrary to any Environmental Laws, except, in each case as would not reasonably be expected to result in a Material Adverse Effect; and

(d) All buildings on all real properties now owned, leased or operated by the Company are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Collateral . The Security Documents are effective to grant to the Collateral Agent for the equal and ratable benefit of the Secured Parties a legal, valid and enforceable first priority Lien on the Collateral (subject to Permitted Liens). As of the date hereof, (i) the security interests in the UCC Collateral granted to the Collateral Agent (for the benefit of the Secured Parties) pursuant to the Security Documents: (a) constitute, as to such Collateral, a legal, valid and enforceable security interest and Lien under the New York UCC, and (b) constitute first priority Liens on such Collateral described in the Security Documents, subject to no Liens other than Permitted Liens and the rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement, (ii) all action as is required pursuant to the Security Documents has been taken to establish and perfect the Collateral Agent's rights in and to, and the first priority of its Lien (subject to Permitted Liens) on, the Collateral as set forth in the immediately preceding clause (i), including any recording, filing, registration, delivery to the Collateral Agent, giving of notice or other similar action, and (iii) the Deeds of Trust create in favor of the Trustee named therein, for the benefit of the Collateral Agent and the other Secured Parties, a valid security interest and first priority Lien in all the Company's right, title and interest in and to the real property subject thereto and the proceeds thereof, subject to no Liens other than Permitted Liens and the rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement.

Section 5.20. Insurance . All insurance required to be obtained and maintained pursuant to **Section 9.2** by the Company is in full force and effect. All premiums due and payable on all such insurance have been paid.

Section 5.21. Legal Name and Jurisdiction of Formation . As of the date of the First Closing, the exact legal name and jurisdiction of formation of the Company is Sharyland Distribution & Transmission Services, L.L.C., a limited liability company organized and existing under the laws of the State of Texas, and the Company has not had any other legal names at any time during the period of five years immediately preceding the date of the First Closing.

SECTION 6. REPRESENTATIONS AND TAX DOCUMENTATION OF THE PURCHASERS .

Section 6.1. Purchase for Investment . Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds . Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a **"Source"**) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (**"PTE"**) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the **"NAIC Annual Statement"**)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the **"QPAM Exemption"**)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d);or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the **"INHAM Exemption"**)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this **Section 6.2** , the terms **"employee benefit plan," "governmental plan,"** and **"separate account"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 6.3. Tax Documentation . (a) Any Purchaser (which, for purposes of this **Section 6.3** , shall include any holder of a Note) that is entitled to an exemption from or reduction of withholding tax with respect to payments made under the Notes or otherwise under any Note Document shall deliver to the Company, at the time or times reasonably requested by the Company, such properly completed and executed documentation reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Purchaser, if reasonably requested by the Company, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company as will enable the Company to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements.

(b) Without limiting the generality of the foregoing,

(1) any Purchaser that is a "United States person" (as defined in Section 7701(a)(30) of the Code) shall deliver to the Company on or prior to the date of this Agreement or, if later, the date on which such Purchaser becomes a Purchaser under this Agreement (and, in either case, from time to time thereafter upon the reasonable request of the Company), duly completed and executed originals of IRS Form W-9 certifying that such Purchaser is exempt from U.S. federal backup withholding tax;

(2) any Non-U.S. Purchaser shall, to the extent it is legally entitled to do so, deliver to the Company (in such number of copies as shall be requested by the Company) on or prior to the date of this Agreement or, if later, the date on which such Non-U.S. Purchaser becomes a Purchaser under this Agreement (and, in either case, from time to time thereafter upon the reasonable request of the Company), whichever of the following is applicable:

(A) in the case of a Non-U.S. Purchaser claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under the Notes, duly completed and executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under the Notes or otherwise under any Note Document, duly completed and executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) duly completed and executed originals of IRS Form W-8ECI;

(C) in the case of a Non-U.S. Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate reasonably satisfactory to the Company to the effect that such Non-U.S. Purchaser is not (i) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (ii) a "10 percent shareholder" of the Company (or, if the

Company is disregarded as an entity separate from its owner for U.S. federal income tax purposes, the Company's tax owner for U.S. federal income tax purposes) within the meaning of Section 881(c)(3)(B) of the Code, or (iii) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) duly completed and executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(D) to the extent a Non-U.S. Purchaser is not the beneficial owner, duly completed and executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate as adapted for use by the beneficial owner and reasonably satisfactory to the Company, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Purchaser is a partnership and one or more direct or indirect partners of such Non-U.S. Purchaser are claiming the portfolio interest exemption, such Non-U.S. Purchaser may provide a U.S. Tax Compliance Certificate reasonably satisfactory to the Company on behalf of each such direct and indirect partner;

(3) any Non-U.S. Purchaser shall, to the extent it is legally entitled to do so, deliver to the Company (in such number of copies as shall be requested by the Company) on or prior to the date of this Agreement or, if later, the date on which such Non-U.S. Purchaser becomes a Purchaser under this Agreement (and, in either case, from time to time thereafter upon the reasonable request of the Company), duly completed and executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, together with such supplementary documentation as may be prescribed by applicable law to permit the Company to determine the withholding or deduction required to be made; and

(4) if a payment made to a Purchaser under the Notes or otherwise under any Note Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to the Company at the time or times prescribed by law and at such time or times reasonably requested by the Company such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under FATCA and to determine that such Purchaser has complied with such Purchaser's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

Each Purchaser agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company in writing of its legal inability to do so.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within 45 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Quarterly Report on Form 10-Q (the **"Form 10-Q"**) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that delivery within the time period specified above of copies of the Company's Form 10-Q prepared in compliance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this **Section 7.1(a)**;

(b) *Annual Statements* — within 90 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Annual Report on Form 10-K (the **"Form 10-K"**) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each fiscal year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that the delivery within the time period specified above of the Company's Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Securities Exchange Act of 1934) prepared in accordance with the requirements therefor and filed with the SEC, shall be deemed to satisfy the requirements of this **Section 7.1(b)** ;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such Purchaser or holder), and each final prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the

termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Resignation or Replacement of Auditors* — within ten days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification thereof, together with such supporting information as the Required Holders may request; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of a Note.

(h) *Qualified Lessee Financial Statements* — with reasonable promptness after receipt by the Company thereof, financial statements of the type described in clauses (a) or (b) of this **Section 7.1** with respect to any Qualified Lessee, to the extent any such financial statements would be required to be filed by the Company or InfraREIT with the SEC (provided that no Default or Event of Default shall result from the failure of the Company to obtain any such financial statements or as a result of the form, content or accuracy thereof); *provided* that the delivery within the time period specified above of the Company's or InfraREIT's Form 10-K for such fiscal year (together with the Company's or InfraREIT's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Securities Exchange Act of 1934) or the Company's or InfraREIT's Form 10-Q, as applicable, in each case prepared in accordance with the requirements therefor and filed with the SEC, shall be deemed to satisfy the requirements of this **Section 7.1(h)** .

Section 7.2. Officer's Certificate . Each set of financial statements delivered to a holder of a Note pursuant to **Section 7.1(a)** or **Section 7.1(b)** shall be accompanied by a certificate of a Senior Financial Officer:

(a) *Covenant Compliance* — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of **Section 9.9** and to the extent then effective, **Section 10.12**

during the quarterly or annual period covered by the statements then being furnished, (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to **Section 22.2**) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation . The Company shall permit the representatives of each holder of a Note that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, during normal business hours and no more than one time in any calendar year; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery . Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to **Sections 7.1(a), (b), (c)** or **(h)** and **Section 7.2** shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(i) such financial statements satisfying the requirements of **Section 7.1(a), (b)** or **(h)** and related Officer's Certificate satisfying the requirements of **Section 7.2** are delivered to each holder of a Note by e-mail;

(ii) the Company or InfraREIT shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of **Section 7.1(a)** , **Section 7.1(b)** or **Section 7.1(h)** , as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of **Section 7.2** available on its home page on the internet, as provided to the holders of the Notes from time to time;

(iii) such financial statements satisfying the requirements of **Section 7.1(a) , Section 7.1(b)** or **Section 7.1(h)** and related Officer's Certificate(s) satisfying the requirements of **Section 7.2** are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; or

(iv) the Company or InfraREIT shall have filed any of the items referred to in **Section 7.1(c)** with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each holder of Notes has free access;

provided however, that in the case of any of clauses (ii), (iii) or (iv), the Company shall have given each holder of a Note prior written notice, which may be by e-mail or in accordance with **Section 18** , of such posting or filing in connection with each delivery, *provided further,* that upon request of any holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES .

Section 8.1. Maturity . As provided therein, the entire unpaid principal balance of each Series A Note and each Series B Note shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount . (a) The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, any series of Notes, in an amount not less than $1,000,000 of the aggregate principal amount of any series of Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount; *provided* , *however* , notwithstanding the foregoing, no Make-Whole Amount shall be due with respect to a Note in connection with any prepayment of

such Note pursuant to this **Section 8.2** made during the three (3) month period prior to the Maturity Date of such Note. The Company will give each holder of Notes written notice of each optional prepayment under this **Section 8.2** not less than ten days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to **Section 17** . Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of such series of Notes to be prepaid on such date, the principal amount of each Note of such series held by such holder to be prepaid (determined in accordance with **Section 8.3**), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount (if any) for such series due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) Notwithstanding anything contained in this Section 8.2 to the contrary, if and so long as any Default or Event of Default shall have occurred and be continuing, any partial prepayment of the Notes pursuant to the provisions of Section 8.2(a) shall be allocated among all of the Notes of all series of Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

Section 8.3. Allocation of Partial Prepayments . In the case of each partial prepayment of a series of Notes pursuant to **Section 8.2** , the principal amount of the Notes of such series to be prepaid shall be allocated among all of the Notes of such series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each optional prepayment of Notes of any series pursuant to this **Section 8,** the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes . The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions (except to the extent necessary to reflect

differences in interest rates and maturities of the Notes of different series). Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount .

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1** , as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**"Reported"**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **"Reinvestment Yield"** means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to **Section 8.4** or **Section 12.1** .

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1** , as the context requires.

Section 8.7. Payments Due on Non-Business Days . Anything in this Agreement or the Notes to the contrary notwithstanding, (x) subject to clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal of or Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 8.8. Change of Control .

(a) *Notice of Change of Control* . The Company will, within five (5) days after the occurrence of any Change of Control, give written notice (the **"Change of Control Notice"**) of such Change of Control to each holder of Notes. Such Change of Control Notice shall contain and constitute an offer to prepay the Notes as described in **Section 8.8(b)** hereof and shall be accompanied by the certificate described in **Section 8.8(e)** .

(b) *Offer to Prepay Notes.* The offer to prepay Notes shall be an offer to prepay, in accordance with and subject to this **Section 8.8** , all, but not less than all, the Notes held by each holder on a date specified in such offer (the " **Proposed Prepayment Date** "). Such Proposed Prepayment Date shall be not less than 15 days and not more than 30 days after the date of such offer.

(c) *Acceptance/Rejection* . A holder of Notes may accept the offer to prepay made pursuant to this **Section 8.8** by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this **Section 8.8** shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment* . Prepayment of the Notes to be prepaid pursuant to this **Section 8.8** shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, but without Make-Whole Amount or other premium. The prepayment shall be made on the Proposed Prepayment Date.

(e) *Officer's Certificate* . Each offer to prepay the Notes pursuant to this **Section 8.8** shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this **Section 8.8** ; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this **Section 8.8** have been fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change of Control.

Section 8.9. Prepayment in Connection with Sales of Assets . (a) If the Company wants to offer to prepay any series of Notes in connection with an Asset Disposition pursuant to **Section 10.6** , the Company will give written notice thereof to the holders of all outstanding Notes of such series, which notice shall (i) refer specifically to this **Section 8.9** and describe in reasonable detail the Asset Disposition giving rise to such offer to prepay the Notes, (ii) specify the principal amount of each Note being offered to be prepaid, (iii) specify a date not less than 30 days and not more than 60 days after the date of such notice (the **"Disposition Prepayment Date"**) and specify the Disposition Response Date (as defined below), and (iv) offer to prepay on the Disposition Prepayment Date the amount specified in (ii) above with respect to each Note together with interest accrued thereon to the Disposition Prepayment Date. Each Noteholder shall notify the Company of such Noteholder's acceptance or rejection of such offer by giving written notice of such acceptance or rejection to the Company (provided, however, that any Noteholder who fails

to so notify the Company shall be deemed to have rejected such offer) on a date at least 5 days prior to the Disposition Prepayment Date (such date 5 days prior to the Disposition Prepayment Date being the **"Disposition Response Date"**), and the Company shall prepay on the Disposition Prepayment Date the amount specified in (ii) above plus interest accrued thereon to the Disposition Prepayment Date, but without Make-Whole Amount or other premium, with respect to each Note of such series held by the Noteholders who have accepted such offer in accordance with this **Section 8.9** .

(b) Notwithstanding anything contained in this Section 8.9 to the contrary, if and so long as any Default or Event of Default shall have occurred and be continuing, any partial prepayment of the Notes pursuant to the provisions of Section 8.9(a) shall be allocated among all of the Notes of all series of Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

SECTION 9. AFFIRMATIVE COVENANTS .

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Laws . Without limiting **Section 10.4** , the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in **Section 5.16** , and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance . (a) The Company will, and will cause each of its Subsidiaries to, maintain or cause to be maintained on its behalf with respect to its assets, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

(b) *Evidence of Insurance:* Promptly upon request by a holder of the Notes or the Collateral Agent, the Company shall furnish such Person with such evidence of insurance as such Person may reasonably request.

Section 9.3. Maintenance of Properties . The Company will, and will cause each of its Subsidiaries to, and will use commercially reasonable efforts to cause the Qualified Lessees to, maintain and keep, or cause to be

maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes . The Company will, and will cause each of its Subsidiaries to, file all Material income tax or similar tax returns required to be filed by it in any jurisdiction and to pay and discharge all taxes shown to be due and payable by it on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge or levy if (i) the amount, applicability or validity thereof is contested on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges and levies would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Limited Liability Company Existence, Etc . Subject to **Section 10.2** , the Company will at all times preserve and keep its limited liability company existence in full force and effect. Subject to **Sections 10.2** and **10.6** , the Company will at all times preserve and keep in full force and effect the corporate, limited liability company or limited partnership existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate, limited liability company or limited partnership existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records . The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Collateral; Further Assurances . (a) The Company shall take all actions necessary to insure that the Collateral Agent, on behalf of the Secured Parties (or in the case of Real Property Collateral, the

Trustee named in the Deeds of Trust, for the benefit of the Collateral Agent and the other Secured Parties), has and continues to have in all relevant jurisdictions duly and validly created, attached and enforceable first priority Liens on the Collateral, including perfected first-priority Liens (subject to Permitted Liens) on Collateral constituting Real Property Collateral to the extent required under the Security Documents (including, in accordance with clauses (c) and (d) of this **Section 9.7** , after-acquired Collateral), subject to no Liens other than Permitted Liens. The Company shall cause the Obligations to constitute direct senior secured obligations of the Company and to be senior in right of payment and to rank senior in right of security (other than Permitted Liens) with respect to Collateral granted in the Security Documents to all other Indebtedness of the Company (other than Permitted Secured Indebtedness, with which it shall be *pari passu* in accordance with the terms of the Collateral Agency Agreement).

(b) Upon completion of each New Project of a Project Finance Subsidiary, the Company may cause any such Project Finance Subsidiary to Transfer the New Project to the Company and upon such Transfer, the Company shall take all actions necessary to ensure that the New Project becomes a part of the Collateral to the extent required under the Security Documents and **Section 9.7(c)** , subject to the first priority Lien of the Security Documents (subject to no Liens other than Permitted Liens and rights of holders of Permitted Secured Indebtedness in accordance with the Collateral Agency Agreement), so long as (x) no Default or Event of Default occurs as a result of such Transfer, (y) the Indebtedness of the Project Finance Subsidiary is either repaid in full at the time of the Transfer or becomes Permitted Secured Indebtedness in accordance with the Collateral Agency Agreement, and (z) the Project Finance Subsidiary is liquidated or merged with and into the Company.

(c) If, after the date hereof, the Company acquires any Real Property Collateral, the Company shall forthwith (and in any event, within thirty Business Days of such acquisition or such longer period of time as reasonably agreed by the Required Holders) deliver to the Collateral Agent a fully executed mortgage or deed of trust over the Company's interests in such Real Property Collateral, in form and substance reasonably satisfactory to the Required Holders and the Collateral Agent, together with such surveys, environmental reports and other documents and certificates with respect to such real estate as may be reasonably required by the Required Holders. The Company further agrees to take all other actions necessary to create in favor of the Trustee named therein for the benefit of the Collateral Agent and the other Secured Parties a valid and enforceable first priority Lien (subject to Permitted Liens) on the Company's interests in such Real Property Collateral, free and clear of all Liens except for Permitted Liens and rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement. The Company shall not create in favor of any Person a Lien on the Company's interests in real property acquired or leased after the date hereof other than Permitted Liens.

(d) If, after the date hereof, the Company acquires or creates any new Subsidiary (other than any Subsidiary of the Company that is not organized under the laws of the United States, any state thereof or the District of Columbia, any Project Finance Subsidiary and any other Subsidiary that is prohibited from providing a Guaranty of the Obligations by any Requirements of Law), the Company shall cause such Subsidiary forthwith (and in any event, within 30 Business Days of such creation or acquisition (or such longer time as the Required Holders may agree) to:

(i) execute and deliver to the Collateral Agent a Subsidiary Guaranty (a **"Subsidiary Guaranty"**);

(ii) deliver to the Collateral Agent a certificate of such Subsidiary, substantially consistent with those delivered on the date of each Closing pursuant to **Section 4.3(b)** , with appropriate insertions and attachments;

(iii) take such actions reasonably necessary or advisable to grant to the Collateral Agent for the benefit of the Secured Parties (or, in the case of Real Property Collateral, the Trustee named in the Deeds of Trust, for the benefit of the Collateral Agent and the other Secured Parties) a perfected and enforceable first- priority Lien in the Collateral described in the Security Documents with respect to such new Subsidiary, subject to no Liens other than Permitted Liens and rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement; and

(iv) if reasonably requested by the Collateral Agent, to deliver to the Collateral Agent legal opinions relating to the matters described above, which opinions shall be in form and substance reasonably satisfactory to the Collateral Agent.

Section 9.8. Material Project Documents . The Company shall at all times (i) perform and observe all of the covenants under the Material Project Documents to which it is a party and take reasonable actions to enforce all of its rights thereunder, (ii) maintain the System Leases (other than Leases constituting System Leases only pursuant to clause (6) of the definition thereof) in full force and effect and (iii) maintain the Leases (other than the System Leases referred to in the foregoing clause (ii) of this **Section 9.8**) to which it or any of its Subsidiaries is a party in full force and effect, in each case except (a) to the extent the same would not reasonably be expected to have a Material Adverse Effect or (b) with respect to any Lease, to the extent permitted under **Section 10.11** .

Section 9.9. Total Debt to Capitalization Ratio . The Company shall as of the end of each fiscal quarter maintain, on a consolidated basis, a Total Debt to Capitalization Ratio of not more than 0.65 to 1.00.

Section 9.10. Optional Release of Collateral . (a) Notwithstanding any other provision herein or in any other Financing Document, the Collateral Agent is hereby authorized and directed to, and shall, release all, but not less than all, of the Collateral from the Liens of the Security Documents (but not the Guaranties provided pursuant to **Section 9.7**) on a Business Day specified by the Company (the **"Optional Release Date"**), upon the satisfaction of the following conditions precedent (the **"Optional Release Conditions"**):

(i) the Company shall have given notice to the holders of the Notes and the Collateral Agent at least 30 days prior to the Optional Release Date, specifying the proposed Optional Release Date;

(ii) the Collateral Release Ratings Requirement shall have been satisfied as of the date of such notice and shall remain satisfied as of the Optional Release Date;

(iii) no Default or Event of Default hereunder shall have occurred and be continuing as of the date of such notice or as of the Optional Release Date;

(iv) all Liens on the Collateral securing the Financing Documents shall have been released as of the Optional Release Date or are released simultaneously with the release of the Collateral from the Liens of the Collateral Documents pursuant to this **Section 9.10** ;

(v) in the event that in connection with such release, the Company (a) pays any fees to any creditor under any Financing Document (other than any fees (including make whole or other premium or breakage costs) payable in connection with the repayment or prepayment of Indebtedness owing to such creditor), the Company shall pay to the holders of the Notes, at the same time and subject to the same conditions, an amount equal to the highest amount paid to any such creditor under any Financing Document, with such amount to be applied pro rata to the holders of the Notes, (b) provides compensation in the form of collateral, guarantees or other structural changes to any such creditor, the Company will provide the same compensation to the holders of the Notes or (c) amends any such Financing Document to include one or more additional financial covenants or events of default which are more restrictive on the Company and its Subsidiaries than the financial covenants contained in **Section 9.9** of this Agreement or the Events of Default contained in **Section 11** of this Agreement, then such more restrictive financial covenants or events of default and any related definitions (the **"Additional Provisions"**) shall automatically be deemed to be incorporated into **Section 9.9** or **Section 11** of this Agreement, as applicable, by reference from the time such other agreement becomes binding upon the Company and, upon written request of the Required Holders, the Company will enter into an amendment to this Agreement pursuant to which this Agreement will be formally amended to incorporate the Additional Provisions on the terms set forth herein; and

(vi) on the Optional Release Date, each holder of Notes shall have received (x) a certificate, dated the Optional Release Date and executed on behalf of the Company by a Senior Financial Officer thereof, confirming the satisfaction of the Optional Release Conditions set forth in clauses (ii), (iii) and (iv) above and (y) such other evidence as it may reasonably require confirming the satisfaction of the Optional Release Condition set forth in clause (iv) above.

Subject to the satisfaction of the conditions set forth in this paragraph (a), on and after the Optional Release Date, but not otherwise, the covenants and related definitions set forth in **Schedule C** hereto shall be effective as if included in **Section 10** of this Agreement and all representations and warranties and covenants contained in the Security Documents and any other Financing Document related to the Collateral or the grant or perfection of Liens on the Collateral (including, without limitation, those set forth in **Sections 5.19** , **9.7** and **10.5**) shall be deemed to be of no force or effect. Any such release shall be without recourse to, or representation or

warranty by, the Collateral Agent and shall not require the consent of any holder of Notes. Subject to the satisfaction of the conditions set forth in this paragraph (a), on and after the Optional Release Date, the Collateral Agent shall execute and deliver all such instruments, releases, financing statements or other agreements, and take all such further actions, at the request and expense of the Company, as shall be necessary to effectuate the release of Collateral pursuant to the terms of this paragraph.

(b) Without limiting the provisions of **Section 15.1** , the Company shall reimburse the Collateral Agent for all costs and expenses, including attorneys' fees and disbursements, incurred by it in connection with any action contemplated by this **Section 9.10** .

Section 9.11. Maintenance of Rating on Notes . The Company will at all times maintain a rating by a nationally recognized rating agency on each series of Notes. Not less frequently than once every twelve calendar months during the term of each series of Notes, the Company shall cause such rating with respect to such Notes to be maintained by an Approved Rating Agency and evidence of such rating shall be delivered to each holder of Notes.

Although it will not be a Default or an Event of Default with respect to the Series B Notes if the Issuer fails to comply with any provision of **Section 9** on or after the date of this Agreement and prior to the Second Closing, if such a failure occurs, then any of the Purchasers may elect not to purchase such Series B Notes on the date of the Second Closing that is specified in **Section 3** .

Section 9.12 Post-Closing Matters . (i) Within two (2) Business Days following the First Closing, (A) the Company shall, or shall cause SP to, pay in full all of the Indebtedness of SP owed to the SP Lenders (hereinafter defined) (other than the CREZ Notes owed to the Fixed Rate Note Holders (hereinafter defined)) under that certain Credit Agreement, dated as of June 20, 2011 (as amended by Amendment No. 1 and Omnibus Amendment, dated as of October 11, 2011, Amendment No. 2, dated as of October 1, 2013, Amendment No. 3, dated as of May 29, 2014 and Amendment 4, dated as of December 11, 2014, the **"SP Credit Agreement"**) among SP, as the borrower, the several lenders (the **"SP Lenders"**) and fixed rate note holders (the **"Fixed Rate Note Holders"**) from time to time parties thereto, Société Générale, as collateral agent and as administrative agent, the Royal Bank of Canada and The Royal Bank of Scotland PLC, as co-syndication agents, The Bank of Nova Scotia, Mizuho Corporate Bank Ltd. and Sumitomo Mitsui Banking Corporation, as co-documentation agents, and Prudential Investment Management, Inc., as structuring and documentation advisor, (B) the Company shall cause, or shall cause SP to cause, all Liens securing Indebtedness under the SP Credit Agreement (other than Liens under the Security Documents) to be released, and (C) the CREZ Merger shall become effective and (ii) upon the effectiveness of the CREZ Merger, the Company shall execute and deliver to the Collateral Agent Deeds of Trust covering the Real Property Collateral acquired by it in the CREZ Merger so as to create in favor of the Trustee named therein for the benefit of the Collateral Agent and the other Secured Parties a valid and enforceable first priority Lien (subject only to Permitted Liens) on the Company's interests in such Real Property Collateral.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate; provided that, the foregoing shall not prohibit (i) Leases with Qualified Lessees and transactions relating thereto, (ii) any Qualified Lessee Affiliate Loan and any Indebtedness permitted under Section 10.6(d)(ii) of the Pru Note Purchase Agreement, (iii) payment of customary fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Company and its Subsidiaries in the ordinary course of business, and (iv) any transaction on terms approved by the majority of the board of directors (or comparable governing body) of InfraREIT or an Affiliate thereof who are "independent" (as such term is defined pursuant to the rules of the primary exchange on which the Capital Stock of InfraREIT is listed for trading) or a majority of the "independent" members of a committee of any such board of directors (or comparable governing body).

Section 10.2. Merger, Consolidation, Etc. The Company will not nor will the Company permit any Subsidiary Guarantor to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company or a Subsidiary Guarantor as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company or such Subsidiary Guarantor (other than in a transaction involving the Company), respectively, is not such corporation or limited liability company, such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes;

(b) each Subsidiary Guarantor under any Subsidiary Guaranty that is outstanding at the time such transaction or each transaction in such a series of transactions occurs reaffirms its obligations under such Subsidiary Guaranty in writing at such time pursuant to documentation that is reasonably acceptable to the Required Holders; and

(c) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing;

provided that, the foregoing shall not prohibit (i) any transaction permitted under **Section 10.6** or (ii) the lease of assets by the Company or any Subsidiary Guarantor pursuant to the System Leases or any other Lease. No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this **Section 10.2** from its liability under this Agreement or the Notes.

Section 10.3. Line of Business . The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the ownership of assets involved in the transportation or distribution of electricity, natural gas or water, and activities ancillary or supplementary thereto. Notwithstanding anything to the contrary contained herein but subject to compliance with Section 9.7, the Company shall be permitted to own, purchase and acquire equity interests in, and make capital contributions to, Project Finance Subsidiaries of the Company and Wholly-Owned Subsidiaries.

Section 10.4. Terrorism Sanctions Regulations . The Company will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations Security Council or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder to be in violation of any law or regulation applicable to such holder, or (ii) is prohibited by any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

Section 10.5. Liens . The Company will not, nor will it cause or permit any Subsidiary to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to the Collateral or any other property of the Company or such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, or on any other asset now owned or hereafter acquired by the Company or such Subsidiary, except (each, a " **Permitted Lien** "):

(a) solely in the case of the Note Parties, Liens created or permitted by the Financing Documents on the assets of the Note Parties; and

(b) (i) solely in the case of a Project Finance Subsidiary, Liens on assets owned by that Project Finance Subsidiary and (ii) Liens on the Capital Stock in that Project Finance Subsidiary, in each case to secure its Non-Recourse Debt;

(c) Liens created or permitted pursuant to the terms of the Security Documents, including on Cash Collateral (as defined in the Collateral Agency Agreement);

(d) Liens for Taxes which are not yet due and payable or the payment of which is not at the time required by **Section 9.4** ;

(e) any attachment or judgment Lien, unless such attachment or judgment Lien constitutes an Event of Default under **Section 11(l)** hereof;

(f) Liens of a lessor of equipment to the Company or any Subsidiary on such lessor's leased equipment (but excluding equipment leased pursuant to a Capital Lease), including any of the foregoing which is evidenced by a protective UCC filing;

(g) Mechanics', warehousemen's, carriers', workers', repairers', landlords', and other similar liens arising or incurred in the ordinary course of business and (i) which do not in the aggregate materially detract from the value of property or assets subject to such Liens or materially impair the continued use thereof in the operation of the business or (ii) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such Liens, or other Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, trade contracts, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money);

(h) zoning, entitlement, restriction, and other land use and environmental regulations by Governmental Authorities and encroachments, easements, rights of way, covenants, restrictions or agreements which do not materially interfere with the continued use of any asset as currently used in the conduct of the business;

(i) any encumbrances set forth in any franchise or governing ordinance under which any portion of the business is conducted which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(j) all rights of condemnation, eminent domain, or other similar right of any Person;

(k) any interest of title of a lessor under leases;

(l) Liens securing Permitted Secured Indebtedness on a pari passu basis with the Obligations in accordance with the terms of the Collateral Agency Agreement;

(m) Liens securing Indebtedness of a Person on the date the Person becomes a Subsidiary of the Company or Liens on assets securing Indebtedness assumed by the Company or any Subsidiary when such assets are acquired by the Company or such Subsidiary including extensions, renewals or replacements of any such Liens; provided that (i) such Liens were not created in contemplation of such Person becoming a Subsidiary or the acquisition of such assets and (ii) such Liens may not extend to any other property owned by the Company or any of its Subsidiaries;

(n) Liens incurred after the date of the First Closing given to secure the payment of the purchase price in connection with the acquisition, construction or improvement of property useful and intended to be used in carrying on the business of the Company and its Subsidiaries, including Liens existing on such property at the time of acquisition or construction thereof or Liens incurred within 360 days of such acquisition or completion of such construction or improvement; provided that (i) the Liens shall attach solely to the property acquired, purchased, constructed or improved; (ii) at the time of acquisition, construction or improvement of such property (or, in the case of any Lien incurred within 360 days of such acquisition or completion of such construction or improvement, at the time of the incurrence of the Indebtedness secured by such Lien), the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such property, whether or not assumed by the Company or a Subsidiary, shall not exceed the lesser of (x) the cost of such acquisition, construction or improvement or (y) the Fair Market Value of such property (as determined in good faith by the Company); and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist; and

(o) from and after the Optional Release Date, and subject to satisfaction of the Optional Release Conditions, Liens securing obligations under this Agreement, the Notes, any Subsidiary Guaranty or any Material Credit Facility; provided that the Notes shall concurrently be secured equally and ratably with any such Material Credit Facility pursuant to documentation in form and substance reasonably acceptable to the Required Holders including, without limitation, an intercreditor agreement and opinions of counsel to the Company and/or any Subsidiary, as the case may be, from counsel that is reasonably acceptable to the Required Holders.

Section 10.6. Sale of Assets, Etc . The Company will not, and will not permit any of its Subsidiaries to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company or such Subsidiary making the Asset Disposition, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) the sum of the Disposition Value of the property subject to such Asset Disposition, plus the aggregate Disposition Value of all other property that was the subject of an Asset Disposition during the fiscal year in which such Asset Disposition occurs would not exceed 10% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company.

To the extent that the cash proceeds of any Asset Disposition are applied to an Indebtedness Prepayment Application or a Property Reinvestment Application within one year after such Asset Disposition, then such Asset Disposition (or, if less than all such cash proceeds are applied as contemplated hereinabove, the pro rata percentage thereof which corresponds to the cash proceeds so applied) shall be deemed not to be an Asset Disposition for the purpose of determining compliance with subsection (c) of this **Section 10.6** as of any date.

Section 10.7. Restricted Payments . The Company will not, directly or indirectly, make or declare any Distribution unless there does not exist and, after giving effect to the proposed Distribution, there will not exist, a Default or an Event of Default; provided that, the Company shall be permitted to make any Distribution within 60 days after the date of declaration thereof if, at the date of declaration, such Distribution would have complied with the provisions set forth in this **Section 10.7** . The Company shall deliver to the holders of the Notes and the Collateral Agent before a Distribution is declared or made a certificate of a Responsible Officer of the Company stating that the foregoing condition has been satisfied and, if requested, providing supporting data and calculations.

Section 10.8. [Intentionally Omitted] .

Section 10.9. Regulation . (a) The Company shall not be or become subject to FERC jurisdiction as a "public utility" under the FPA; *provided, however,* that the Company shall not be in default of the forgoing negative covenant if the Company becomes subject to FERC's "public utility" jurisdiction under the FPA solely as a result of a change to the FPA or in FERC's interpretation thereof or regulations thereunder, if the Company takes all necessary actions to comply with applicable FERC requirements and the operation of the System is uninterrupted; and

(b) The Company shall not, and shall use commercially reasonable efforts to cause any Specified Qualified Lessee not to violate in any material respect any regulation or order of the Public Utility Commission of Texas applicable to it.

(c) The Company shall not own, operate or control any electrical generating, transmitting or distribution facility, or effect or control any sale of electricity, outside of the ERCOT balancing area authority except (i) to the extent such ownership, operation, control or sale may be undertaken without the Company becoming subject to FERC's "public utility" jurisdiction or becoming an "electric utility company" or "holding company" as those terms are

defined in PUHCA, or (ii) interconnected transmission or distribution assets or systems located substantially in the State of Texas or deriving a majority of their revenue from customers within the State of Texas.

Section 10.10. Amendments to Organizational Documents . The Company will not nor will it cause or permit any of its Subsidiaries to, amend, supplement, terminate, replace or waive any provision of its operating agreement or other organization documents if such amendment, supplement, termination, replacement or waiver could reasonably be expected to have a Material Adverse Effect.

Section 10.11. Project Documents . The Company will not, and will not permit any Subsidiary to, amend, modify, supplement, replace, renew, extend, terminate or waive any provision of any Lease to which the Company or such Subsidiary is party, or consent to any amendment, modification, supplement, replacement, renewal, extension, termination or waiver of any such Lease except (i) to the extent the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) if the Company reasonably believes, after giving effect thereto, the Company will generate sufficient revenue and hold sufficient assets to satisfy the requirements of **Section 9.9** .

Although it will not be a Default or an Event of Default with respect to the Series B Notes if the Issuer fails to comply with any provision of **Section 10** on or after the date of this Agreement and prior to the Second Closing, if such a failure occurs, then any of the Purchasers may elect not to purchase such Series B Notes on the date of the Second Closing that is specified in **Section 3** .

S ECTION 11. E VENTS OF D EFAULT .

An **"Event of Default"** shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in **Section 7.1(d)** , **Section 9.9** or **Section 10** ; or

(d) the Company or any Subsidiary Guarantor defaults in the performance of or compliance with any term contained herein (other than those referred to in **Sections 11(a)** , **(b)** and **(c)**), in any Note Document or in any Subsidiary Guaranty and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from the Collateral Agent or any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this **Section 11(d)**); or

(e) (i) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any other Note Document or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made, or (ii) any representation or warranty made in writing by or on behalf of any Subsidiary Guarantor or by any officer of such Subsidiary Guarantor in any Subsidiary Guaranty or any writing furnished in connection with such Subsidiary Guaranty proves to have been false or incorrect in any material respect on the date as of which made; or

(f) with respect to any Lease to which the Company or a Subsidiary thereof is a party (other than Leases pursuant to which the Company recognized revenue, in the aggregate, that constituted 10% or less of the total consolidated revenue of the Company and its Subsidiaries (other than Project Finance Subsidiaries) as set forth on the face of the consolidated statements of operations for the four consecutive fiscal quarter period that ended on the date of the financial statements most recently delivered pursuant to **Section 7.1**), (i) any such Lease is declared to be null and void or is otherwise unenforceable, or any party thereto claims that any such agreement is unenforceable (unless, within 90 days after such declaration or claim, replaced by a Lease that complies with the provisions of **Section 10.11**), (ii) one or more payment defaults in an amount in excess of $10,000,000 in the aggregate occurs across all such Leases, after giving effect to any cure periods specified therefor or (iii) any default or event of default (other than those referred to in clause (i) or (ii) of this **Section 11(f)**) occurs under any such Lease that could reasonably be expected to have a Material Adverse Effect and such default or event of default continues for more than 90 days; or

(g) except as would not reasonably be expected to result in a Material Adverse Effect, any Required Permit is terminated without being timely replaced (if the terminated Permit continues to be a Required Permit), revoked or otherwise is not in effect; *provided,* however, that the termination without immediate renewal of any franchise agreement pursuant to which the Qualified Lessee operating the applicable portion of the System is authorized to operate the System and collect fees for services shall not constitute an Event of Default if the parties to the franchise agreement continue to perform in accordance with the terms of such agreement notwithstanding the termination; or

(h) any Security Document ceases to give the Collateral Agent perfected first priority Liens (subject to Permitted Liens) in a material portion of the Collateral, taken as a whole, purported to be covered thereby for any reason; or any Note Document, at any time after its execution and delivery and for any reason, ceases to be in full force and effect; or any Note Party contests in writing the validity or enforceability of any Note Document; or any Note Party denies in writing that it has any further liability or obligation under any Note Document or purports to revoke, terminate or rescind any Note Document, other than, for each of the foregoing, as expressly permitted hereunder or thereunder (including by amendment, waiver and/or consent granted in accordance with the terms hereunder or thereunder) or satisfaction in full of the Obligations; or

(i) (i) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least $10,000,000, in each case beyond any period of grace provided with respect thereto, (ii) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any agreement relating to Indebtedness in an aggregate outstanding principal amount of at least $10,000,000, or any other condition exists, and as a consequence of such default or condition, such Indebtedness has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment or (iii) a default or an event of default occurs under the Pru Note Purchase Agreement or the RBC Agreement, and such failure continues for more than any cure period specified therefore and has not otherwise been waived; or

(j) the Company or any Significant Subsidiary or, to the extent the same would reasonably be expected to result in a Material Adverse Effect, any Qualified Lessee, (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes limited liability company action for the purpose of any of the foregoing; or

(k) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company, any of its Significant Subsidiaries or, to the extent the same would reasonably be expected to result in a Material Adverse Effect, any Qualified Lessee, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any such Person, or any such petition shall be filed against any such Person and such petition shall not be dismissed within 60 days; or

(l) one or more final judgments or orders for the payment of money aggregating in excess of $10,000,000, including, without limitation, any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company or any Significant Subsidiary and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(m) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount that could reasonably be expected to have a Material Adverse Effect, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect. As used in this **Section 11(j)** , the terms **"employee benefit plan"** and **"employee welfare benefit plan"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration . (a) If an Event of Default with respect to the Company described in **Section 11(j)** or **(k)** (other than an Event of Default described in clause (i) of **Section 11(j)** or described in clause (vi) of **Section 11(j)** by virtue of the fact that such clause encompasses clause (i) of **Section 11(j)**) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in **Section 11(a)** or **(b)** has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this **Section 12.1** , whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon in respect of any series (including, but not limited to, interest accrued thereon in respect of any series at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount (to the

full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies . If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under **Section 12.1** , the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any other Note Document or in any Note or Subsidiary Guaranty, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission . At any time after any Notes have been declared due and payable pursuant to **Section 12.1(b)** or **(c)** , the Required Holders in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to **Section 17** , and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this **Section 12.3** will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc . No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Subsidiary Guaranty , any Note or any other Note Document upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under **Section 15** , the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this **Section 12** or under any other Note Document, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement or any other Note Document. Prior to due presentment for registration of transfer, the Person(s) in whose name any Note(s) shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. (a) Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of **Schedule 1(a)** or **Schedule 1(b)** , as appropriate. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in **Section 6.2** . The transferee of any Note in accordance with **Section 13.1** shall have all rights, benefits and obligations of the Purchaser of such Note under the Note Documents as if such holder were an original signatory hereto without any further action being required under the Note Documents.

(b) If no Default or Event of Default has occurred and is continuing, each holder of a Note hereby agrees that it will not offer for sale or sell any of its Notes, or parts thereof, other than to an Affiliate, or to another holder of a Note without first delivering written notice to the

Company (a " **Right of First Offer Notice** ") of its intent to sell such Notes or part thereof. Such Right of First Offer Notice shall contain a reasonably detailed description of the proposed terms of such sale, including, without limitation, the proposed purchase price (the " **Proposed Purchase Price** "), and the principal amount of Note(s) that such holder of Note(s) desires to sell, for such Notes. If the Company so desires it may, within 3 Business Days of the receipt of such Right of First Offer Notice, inform such holder of a Note in writing via email or overnight delivery that it elects to purchase, or have an Affiliate or Institutional Investor designated by the Company purchase, such Notes (a " **Purchase Notice** ") from the holder of Note delivering such Right of First Offer Notice at the Proposed Purchase Price, *provided, however* , that if at such time a Default or Event of Default shall have occurred and be continuing, a holder of a Note shall have no obligation to deliver a Right of First Offer Notice to the Company and the Company shall not have the right to purchase, and no Affiliate or any other entity designated by the Company shall have a right to purchase, the Notes of the holder. The aggregate principal amount of the Notes specified in such Purchase Notice shall be purchased by the Company, or such Affiliate or Institutional Investor, for the Proposed Purchase Price, together with accrued interest on such Notes to the purchase date, on the date specified by the Company in such Purchase Notice, which shall be not more than 30 days following delivery of such Purchase Notice. If a holder of a Note does not receive a Purchase Notice from the Company within 3 Business Days after the delivery of a Right of First Offer Notice to the Company, such holder of a Note shall have the right to sell its Notes identified in such Right of First Offer Notice to a third party purchaser (other than a Disqualified Purchaser) for a price which is not less than 90% of the Proposed Purchase Price identified in such Right of First Offer Notice at any time during the period of 120 days from the date of such Right of First Offer Notice.

Section 13.3. Replacement of Notes . Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to **Section 14.2**, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Well Fargo Bank, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in **Section 14.1** or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in **Schedule B**, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to **Section 14.1**. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to **Section 13.2**. The Company will afford the benefits of this **Section 14.2** to any Institutional Investor that is the direct or indirect transferee in accordance with **Section 13.1** of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this **Section 14.2**.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, any Subsidiary Guaranty, the Notes or any other Note Document (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, any Subsidiary Guaranty, the Notes or any other Note Document or in responding to any subpoena or other legal process or informal investigative demand issued (i) in connection with this Agreement, any Subsidiary Guaranty, the Notes or any other Note Document, or (ii) by reason of being a holder of any Note, (b) the costs and expenses, including

financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes, any Subsidiary Guaranty and any other Note Document and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO *provided* , that such costs and expenses under this clause (c) shall not exceed $3,500 per series of Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes) and (ii) any and all wire transfer fees that any bank deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note.

Section 15.2. Survival . The obligations of the Company under this **Section 15** will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Subsidiary Guaranty, the Notes or any other Note Document, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT .

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the Notes and the other Note Documents, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note; provided that, no representation or warranty shall be deemed to be made as of any time other than the date of execution and delivery of this Agreement, the Notes or the other Note Documents, as applicable. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or the other Note Documents shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Notes, any Subsidiary Guaranties and any other Note Documents embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of **Sections 1, 2, 3, 4, 5, 6** or **21** hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of (A) prior to the Second Closing, each holder of a Series A Note at the time outstanding and each Purchaser of Series B Notes, and (B) any time on or after the Second Closing, each holder of each Note at the time outstanding, (i) subject to **Section 12** relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or the principal amount of the Notes that the Purchasers are to purchase pursuant to Section 2 upon the satisfaction of the conditions to Closing that appear in Section 4, or (iii) amend any of **Sections 8** (except as set forth in the second sentence of **Section 8.2**), **11(a)**, **11(b)**, **12**, **17** or **20**.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any Subsidiary Guaranty or any other Note Document. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this **Section 17** or any Subsidiary Guaranty or any other Note Document to each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Note as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or of any Subsidiary Guaranty or any Note or any other Note Document unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Note even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent given pursuant to this **Section 17** or any Subsidiary Guaranty or any other Note Document by a holder of a Note that has transferred or has agreed to transfer its Note to the Company, any Subsidiary or any Affiliate of the Company in connection with such consent shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc . Any amendment or waiver consented to as provided in this **Section 17** or any Subsidiary Guaranty or any other Note Document applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Note and no delay in exercising any rights hereunder or under any Note or Subsidiary Guaranty or any other Note Document shall operate as a waiver of any rights of any holder of such Note.

Section 17.4. Notes Held by Company, Etc . Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, any Subsidiary Guaranty or the Notes or any other Note Document, or have directed the taking of any action provided herein or in any Subsidiary Guaranty or the Notes or any other Note Document to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

S ECTION 18. N OTICES .

Except to the extent otherwise provided in **Section 7.4** , all notices and communications provided for hereunder shall be in writing and sent (a) by facsimile or telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in **Schedule B** , or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Kristin Boyd, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this **Section 18** will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS .

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at each Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This **Section 19** shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION .

For the purposes of this **Section 20** , **"Confidential Information"** means Information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement, provided that such term does not include information that (a) other than as a result of disclosure by any other Purchaser or its employees or agents in violation of this **Section 20** , was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) other than as a result of disclosure by any other Purchaser or its employees or agents in violation of this **Section 20** , subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) other than as a result of disclosure by any other Purchaser or its employees or agents in violation of this **Section 20** , otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under **Section 7.1** that are otherwise publicly available. " **Information** " means information concerning the Company or its Subsidiaries, irrespective of its source or form of communication, furnished by or on behalf of the Company or any of its Subsidiaries, including without limitation notes, analyses, compilations, studies or other documents or records prepared by any Purchaser, which contain or reflect or were generated from information supplied by or on behalf of the Company or its Subsidiaries. Each Purchaser will use the Confidential Information solely for purposes pertinent to such Purchaser's evaluation, holding, monitoring, enforcement, permitted transfers and uses

ancillary to the foregoing, all in respect of the Notes, and will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this **Section 20** , (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this **Section 20**), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this **Section 20**), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, this Agreement or any Subsidiary Guaranty or any other Note Document. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this **Section 20** as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this **Section 20** .

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement or any other Note Document, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this **Section 20** , this **Section 20** shall not be amended thereby and, as between such Purchaser or such holder and the Company, this **Section 20** shall supersede any such other confidentiality undertaking.

S ECTION 21. S UBSTITUTION OF P URCHASER .

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a **"Substitute Purchaser"**) as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall

contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in **Section 6** . Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this **Section 21**), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this **Section 21**), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

S ECTION 22. M ISCELLANEOUS .

Section 22.1. Successors and Assigns . All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Accounting Terms . All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including, without limitation, **Section 9** , **Section 10** and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option* , International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 22.3. Severability . Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc . Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Section 22.5. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law . This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7. Jurisdiction and Process; Waiver of Jury Trial . (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in **Section 22.7(a)** by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in **Section 18** or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this **Section 22.7** shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

By /s/ Brant Meleski

Title: Senior Vice President and Chief Financial Officer

This Agreement is hereby accepted and agreed to as of the date hereof.

METROPOLITAN LIFE INSURANCE COMPANY

METROPOLITAN INSURANCE COMPANY USA
By Metropolitan Life Insurance Company, its Investment Manager

By: /s/ John Wills
Name: John Wills
Title: Managing Director

EMPLOYERS REASSURANCE CORPORATION
By MetLife Investment Advisors, LLC, its Investment Adviser

By: /s/ C. Scott Inglis
Name: C. Scott Inglis
Title: Managing Director

LINCOLN BENEFIT LIFE COMPANY
By MetLife Investment Advisors, LLC, its Investment Manager

SYMETRA LIFE INSURANCE COMPANY
By MetLife Investment Advisors, LLC, its Investment Manager

By: /s/ C. Scott Inglis
Name: C. Scott Inglis
Title: Managing Director

P ENSIONSKASSE D ES B UNDES P UBLICA
By MetLife Investment Management Limited, as Investment Manager

By: /s/ John Tanyeri
Name: John Tanyeri
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date hereof.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: /s/ John B. Wheeler
Name: John B. Wheeler
Title: Managing Director

C.M. LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: /s/ John B. Wheeler
Name: John B. Wheeler
Title: Managing Director

MASS MUTUAL ASIA LIMITED
By: Babson Capital Management LLC as Investment Adviser

By: /s/ John B. Wheeler
Name: John B. Wheeler
Title: Managing Director

BANNER LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: /s/ John B. Wheeler
Name: John B. Wheeler
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date hereof.

NEW YORK LIFE INSURANCE COMPANY

By: /s/ Michael W. Boyd
Name: Michael W. Boyd
Title: Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
By: NYL Investors LLC, its Investment Manager

By: /s/ Michael W. Boyd
Name: Michael W. Boyd
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date hereof.

C O B ANK , ACB

By: /s/ Dustin Zubke
Name: Dustin Zubke
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

VOYA INSURANCE AND ANNUITY COMPANY
VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY
RELIASTAR LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK
SECURITY LIFE OF DENVER INSURANCE COMPANY
By: Voya Investment Management LLC, as Agent

By: /s/ Paul Aronson
Name: Paul Aronson
Title: Senior Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

THE GIBRALTAR LIFE INSURANCE CO., LTD.

By: Prudential Investment Management Japan Co., Ltd,., as Investment Manager

By: Prudential Investment Management, Inc., as Sub-Adviser

By: /s/ Richard Carrell
Name: Richard Carrell
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Richard Carrell
Name: Richard Carrell
Title: Vice President

PRUDENTIAL ARIZONA REINSURANCE CAPTIVE COMPANY

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Richard Carrell
Name: Richard Carrell
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

AXA EQUITABLE LIFE INSURANCE COMPANY

By: /s/ Amy Judd
Name: Amy Judd
Title: Investment Officer

This Agreement is hereby accepted and agreed to as of the date hereof.

HORIZON BLUE CROSS BLUE SHIELD OF NEW JERSEY

By: AllianceBenrstein, LP, its Investment Advisor

By: /s/ Amy Judd

Name: Amy Judd
Title: Senior Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

GERBER LIFE INSURANCE COMPANY

By: AllianceBernstein LP, its Investment Advisor

By: /s/ Amy Judd

Name: Amy Judd
Title: Senior Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By: /s/ Thomas M. Donohue
Name: Thomas M. Donohue
Title: Manager Director

This Agreement is hereby accepted and agreed to as of the date hereof.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

By: Delaware Investment Advisers, a series of Delaware Management Business Trust, Attorney in Fact

By: /s/ Nicole Tullo
Name: Nicole Tullo
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

USAA LIFE INSURANCE COMPANY

By: /s/ James F. Jackson, Jr.
Name: James F. Jackson, Jr.
Title: Executive Director

USAA LIFE INSURANCE COMPANY OF NEW YORK

By: /s/ James F. Jackson, Jr.
Name: James F. Jackson, Jr.
Title: Executive Director

USAA CASUALTY INSURANCE COMPANY

By: /s/ R. Neal Graves
Name: R. Neal Graves
Title: Executive Director

USAA GENERAL INDEMNITY COMPANY

By: /s/ R. Neal Graves
Name: R. Neal Graves
Title: Executive Director

This Agreement is hereby accepted and agreed to as of the date hereof.

D EARBORN N ATIONAL L IFE I NSURANCE C OMPANY
A MERICAN R EPUBLIC I NSURANCE C OMPANY
C ATHOLIC F INANCIAL L IFE
C ATHOLIC U NITED F INANCIAL
R OYAL N EIGHBORS OF A MERICA
P OLISH N ATIONAL A LLIANCE OF THE U.S. OF N.A.
M INNESOTA L IFE I NSURANCE C OMPANY

By: Advantus Capital Management, Inc.

By: /s/ Lowell Bolken
Name: Lowell Bolken
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

TRANSAMERICA PREMIER LIFE INSURANCE COMPANY

By: AEGON USA Investment Management, LLC, its investment manager

By: /s/ Frederick B. Howard
Name: Frederick B. Howard
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY

By: /s/ Stuart Shepetin
Name: Stuart Shepetin
Title: Investment Officer

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Agreement" means this Agreement, including all Schedules attached to this Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Anti-Corruption Laws" is defined in **Section 5.16(d)(1)** .

"Anti-Money Laundering Laws" is defined in **Section 5.16(c)** .

"Approved Rating Agency" shall mean any one of Moody's, S&P, Fitch Ratings, Ltd., DBRS Limited and Kroll Bond Rating Agency, Inc.

"Asset Disposition" means any Transfer except:

(a) any Transfer (x) from any Subsidiary to the Company or any Subsidiary Guarantor (y) solely between or among the Company and the Subsidiary Guarantors or (z) from a Subsidiary (which is not a Subsidiary Guarantor) to another Subsidiary;

(b) any Transfer made in the ordinary course of business and involving only inventory or any other property that is either (1) held for lease or sale or (2) worn-out, obsolete, surplus or no longer required in the operation of the business of the Company or any of its Subsidiaries;

(c) any Transfer or series of related Transfers involving property or assets having a Disposition Value of less than $1,000,000;

(d) Dispositions permitted by **Section 10.2** , Liens permitted by **Section 10.5** , Distributions permitted by **Section 10.7** and capital contributions to Project Finance Subsidiaries and Wholly-Owned Subsidiaries permitted by **Section 10.3** ;

(e) any lease of the System or any other transmission and distribution assets and related assets pursuant to a Lease to which the Company or a Subsidiary is a party;

(f) any Transfer of the Capital Stock of a Project Finance Subsidiary or the assets of any Project Finance Subsidiary in connection with and pursuant to the exercise of remedies under the documentation governing Non-Recourse Debt incurred by such Project Finance Subsidiary;

(g) any Transfer consisting of goods and inventory from the Company or any Subsidiary to a Qualified Lessee at cost or on such other terms as may be approved by a majority of the board of directors (or comparable governing body) of InfraREIT or an Affiliate thereof who are "independent" (as such term is defined pursuant to the rules of the primary exchange on which the Capital Stock of InfraREIT or such Affiliate is listed for trading), or a majority of the "independent" members of a committee of any such board of directors (or comparable governing body); and

(h) in connection with any acquisition after the date of Closing that is not prohibited under this Agreement, (i) Transfers of operating assets and related assets to a Qualified Lessee and (ii) Transfers of property that is not electric transmission or distribution assets, in each case (x) which are, in the aggregate, not material in relation to the assets acquired and (y) upon fair and reasonable terms no less favorable to such Person than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

" **Blocked Person** " is defined in **Section 5.16(a)** .

"Business Day" means (a) for the purposes of **Section 8.6** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Dallas, Texas are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participation, patronage capital or other equivalents of or interest in (however designated) equity of such Person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest.

"Change of Control" means

(a) Hunt Family Members cease to Control Sharyland, or any Person other than a Qualified Lessee shall be the lessee under any lease with respect to the System; or

(b) InfraREIT Partners shall cease to own or control, directly or indirectly, more than 50% of the outstanding voting equity interest of the Company.

"CISADA" means the Comprehensive Iran Sanctions, Accountability and Divestment Act.

"Closing" is defined in **Section 3** .

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" means, collectively, the collateral described in each of the Security Documents.

" **Collateral Agency Agreement** " means the Second Amended and Restated Collateral Agency Agreement, dated as of December 10, 2014, among the Collateral Agent, the Company, the holders of the Notes and the holders of the other Permitted Secured Indebtedness from time to time party thereto (as the same may be amended, restated, amended and restated, supplemented, joined or otherwise modified from time to time).

"Collateral Agent" means The Bank of New York Mellon Trust Company, N.A., a national association, acting in its capacity as collateral agent for itself and the other Secured Parties, or its successors in such capacity appointed pursuant to the terms of the Collateral Agency Agreement.

"Collateral Release Ratings Requirement" means the requirement that the Company's senior unsecured non-credit enhanced indebtedness for borrowed money be rated BBB (with at least a stable outlook) or higher by S&P and Baa2 (with at least a stable outlook) or higher by Moody's; *provided* that if at any time either Moody's or S&P, or both, shall no longer maintain a rating for the Company's senior unsecured non-credit enhanced indebtedness for borrowed money, the Required Holders and the Company may agree to determine the Collateral Release Ratings Requirement using the corresponding ratings level of one or more 'nationally recognized statistical rating organizations' (as such phrase is used in Rule 436 under the Securities Act).

"Company" means Sharyland Distribution & Transmission Services, L.L.C., a Texas limited liability company, or any successor that becomes such in the manner prescribed in **Section 10.2** .

"Competitor" means a Person (other than the Company or any of its Affiliates) whose primary business is substantially similar to or in competition with that carried out by the Company or any of its Affiliates; provided that the foregoing shall not include (a) commercial or corporate banks, (b) insurance companies and (c) any funds which principally hold passive investments in commercial loans or debt securities for investment purposes in the ordinary course of business.

"Confidential Information" is defined in **Section 20** .

"Consolidated Net Worth" shall mean at any date, the sum of all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Company and its consolidated Subsidiaries (and, if positive, of Sharyland and its consolidated Subsidiaries) under stockholders' equity at such date, plus minority interests, as determined in accordance with GAAP minus any stockholders equity attributable to any Project Finance Subsidiary, provided, however, that any effects resulting from SFAS 158 shall be excluded for purposes of the calculation of Consolidated Net Worth.

"Consolidated Total Assets" means, at any time, the total assets of the Company and its Subsidiaries which would be shown on a consolidated balance sheet of the Company and its Subsidiaries as of such time prepared in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

"Controlled Entity" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"CREZ Lease" shall mean the Second Amended and Restated Lease Agreement (CREZ Assets) dated as of December 1, 2014, between the Company (or, prior to the consummation of the CREZ Merger, SP), as lessor, and Sharyland, as lessee, as such lease may be amended, restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Section 9.8** of this Agreement.

"CREZ Merger" shall mean the merger between the Company and SP, with the Company surviving.

"CREZ Notes" means SP's 5.04% Fixed Rate Notes due June 20, 2018 issued under that certain Credit Agreement dated June 20, 2011 (as the same may be amended, restated, supplemented or otherwise modified from time to time) in an aggregate principal amount of $60,000,000, which Fixed Rate Notes are intended to be assumed by the Company in connection with the CREZ Merger.

"CREZ Project" shall mean the five transmission lines, four substations and other facilities in Texas identified and awarded to Sharyland by the Public Utility Commission of Texas (the **"PUCT"**) in Docket Number 37902.

" **Deeds of Trust** " means (i) the Amended and Restated First Lien Deed of Trust, Security Agreement and Fixture Filing (Texas) and each First Lien Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (Texas) by and from the Company, as grantor, to Linda Daugherty, as trustee, for the benefit of the Collateral Agent and the other Secured Parties, dated as of December 10, 2014, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time and (ii) each other deed of trust by and from the Company, as grantor, for the benefit of the Collateral Agent and the other Secured Parties entered into from time to time.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is the greater of (i) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, N.A. in New York, New York as its "base" or "prime" rate.

"Deposit Agreement" means the Amended and Restated Deposit Account Control Agreement, dated as of December 10, 2014, among the Company, the Collateral Agent and Bank of America, N.A.

"Development Agreement" means that certain Development Agreement to be entered into among Hunt Transmission Services, L.L.C., Sharyland, InfraREIT and/or InfraREIT Partners in connection with one or more New Projects, pursuant to which Hunt Transmission Services, L.L.C. has granted InfraREIT a right of first offer related to the New Projects identified therein, as amended from time to time in accordance with its terms.

"Disclosure Documents" is defined in **Section 5.3** .

"Disposition Prepayment Date" is defined in **Section 8.9** .

"Disposition Response Date" is defined in **Section 8.9** .

"Disposition Value" means, at any time, with respect to any property

(a) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such disposition in good faith by the Company, and

(b) in the case of property that constitutes Subsidiary Stock, an amount equal to (x) the book value of all assets of the Subsidiary that issued such Subsidiary Stock *multiplied by* (y) the percentage of all of the outstanding Capital Stock of such Subsidiary represented by such Subsidiary Stock (assuming, in making such calculations, that all Securities convertible into such Capital Stock are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion), determined at the time of the disposition thereof, in good faith by the Company.

"Disqualified Purchaser" shall mean, on any date, (a) any Competitor and (b) any Affiliate of any Person identified in clause (a) above; *provided* that the foregoing shall not include any Person of the type listed in clause (c) of the definition of "Institutional Investor" that would otherwise be deemed to be an Affiliate of a Competitor solely because it holds a passive investment in a Competitor.

"Distributions" means, with respect to any Person, any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of such Person, or any payment (whether in cash, securities or other property), including any sinking fund or

similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Capital Stock or on account of any return of capital to such Person's stockholders, partners or members (or the equivalent Person thereof) as such, or any option, warrant or other right to acquire any such dividend or other distribution or payment.

"EDGAR" means the SEC's Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERCOT" means the Electric Reliability Council of Texas or any successor hereto.

"ERCOT Transmission Lease" shall mean the Lease Agreement (ERCOT Transmission Assets), dated as of December 1, 2014, between the Company, as lessor, and Sharyland, as lessee, as such lease may be amended restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Section 9.8** of this Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in **Section 11** .

"Fair Market Value" means, at any time and with respect to any property, the sale value of such property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell).

"FATCA" means Sections 1471 through 1474 of the Code, as amended, any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement.

"FERC" means the Federal Energy Regulatory Commission, or any successor agency to its duties and responsibilities.

" **Financing Documents** " means, collectively, this Agreement, the Notes, the RBC Agreement, the Pru Note Purchase Agreement, the Pru Notes, the Security Documents, any other documents, agreements or instruments entered into in connection with any of the foregoing and any other documents, agreements or instruments from time to time constituting " **Financing Agreements** " under the Collateral Agency Agreement.

"First Closing" is defined in **Section 3** .

"Fixed Rate Note Holders" is defined in **Section 9.12** .

"Form 10-K" is defined in **Section 7.1(b)** .

"Form 10-Q" is defined in **Section 7.1(a)** .

" **FPA** " means the Federal Power Act, 16 U.S.C. §§791 et seq., as amended, and the regulations of the FERC thereunder.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government, or

(c) ERCOT, or

(d) the Texas Regional Entity.

"Governmental Official" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

The amount of any Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation (or, if less, the maximum amount for which such Guaranty is made) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Materials" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1** , *provided, however,* that if such Person is a nominee, then for the purposes of **Sections 7, 12, 17.2** and **18** and any related definitions in this **Schedule B** , "holder" shall mean the beneficial owner of such Note whose name and address appears in such register.

"Hunt Family Members" means (i) Ray L. Hunt; (ii) the spouse of Ray L. Hunt and each of his children and siblings; (iii) the spouse and lineal descendants of any Person identified in the foregoing clause (ii); (iv) any trust or account primarily for the benefit of any Person or Persons identified in the foregoing clauses (i), (ii) or (iii); (v) any corporation, partnership or other entity in which any of the Persons identified in the foregoing clauses (i), (ii), (iii) or (iv) are

the beneficial owners of substantially all of the shares of Capital Stock, membership interests, partnership interests or other equity interests and options or warrants to acquire, or securities convertible into, Capital Stock, membership interests, partnership interests, or other equity securities of an entity; and (vi) the personal representative or guardian of any of the Persons identified in the foregoing clauses (i), (ii) and (iii) upon such Person's death for purposes of the administration of such Person's estate or upon such Person's disability or incompetency for purposes of protection and management of the assets of such Person.

"Indebtedness" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases; provided , however , that for purposes of this definition (including with respect to clauses (i) and (ii) hereof), the System Leases, any other Lease and any similar lease (including with respect to assets leased by such Person, as lessee, where such Person in turn subleases such assets, as lessor, and receives lease payments under such sublease representing all or a substantial portion of the lease payments under the primary lease) shall not be treated as a Capital Lease;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money); provided , however, that for purposes of this definition, any surety bonds or indemnification agreements entered into by Sharyland (with respect to which the Company or a Subsidiary has a reimbursement or backstop obligation) in connection with condemnation proceedings shall be excluded;

(f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

"Indebtedness Prepayment Application" means, with respect to any Transfer of property constituting an Asset Disposition, the application by the Company or any Subsidiary of cash in an amount equal to the Net Proceeds Amount (or portion thereof) with respect to such Transfer to repay or retire Senior Indebtedness; *provided,* that in the event such Senior Indebtedness would otherwise permit the reborrowing of such Senior Indebtedness by the Company or such Subsidiary, the commitment to relend such Senior Indebtedness shall be permanently reduced by the amount of such Indebtedness Prepayment Application; *provided further* that in the course of making such application the Company shall offer to prepay each outstanding Note in accordance with **Section 8.9** in a principal amount which equals the Ratable Portion for such Note. If any holder of a Note fails to accept such offer of prepayment, then the Company shall use the amount of the offered prepayment not accepted to pay down other Senior Indebtedness which constitutes Indebtedness as set forth hereinabove. *"Ratable Portion"* for any Note means an amount equal to the product of (x) the Net Proceeds Amount being so applied to the payment of Senior Indebtedness multiplied by (y) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate principal amount of Senior Indebtedness of the Company and its Subsidiaries.

"InfraREIT" means InfraREIT, Inc., a Maryland corporation, and its successors.

"InfraREIT Partners" means InfraREIT Partners, LP, a Delaware limited partnership.

"INHAM Exemption" is defined in **Section 6.2(e)** .

"Institutional Investor" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Investment Grade Credit Rating" means with respect to any Person, a rating of the long-term unsecured debt securities of such Person (or if such rating is unavailable, issuer rating) equal to or higher than (1) "BBB-" (or the equivalent) with a stable or better outlook by Standard& Poor's Financial Services LLC, or (2) "Baa3" (or the equivalent) with a stable or better outlook by Moody's Corporation; *provided,* that if such Person has a rating from both Standard & Poor's Financing Services LLC and Moody's Corporation, then the applicable rating shall be deemed to be the lower of the two.

"Leases" means the System Leases and any other leases of transmission and distribution and related assets to a Qualified Lessee under which the Company or any Subsidiary of the Company is a party as a lessor.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Make-Whole Amount" is defined in **Section 8.6** .

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Note Parties to perform their respective obligations under this Agreement and the Notes, (c) the ability of any Subsidiary Guarantor to perform its obligations under its Subsidiary Guaranty, (d) the validity or enforceability of this Agreement or any other the Note Document, or (e) the validity, perfection or priority of the Collateral Agent's Liens on any Material Collateral.

"Material Credit Facility" means, as to the Company and its Subsidiaries (other than any Project Finance Subsidiary):

(a) the RBC Agreement, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancings thereof;

(b) the Pru Note Purchase Agreement; and

(c) any other agreements creating or evidencing indebtedness for borrowed money (other than intercompany indebtedness) entered into on or after the date of Closing by the Company or any Subsidiary (other than a Project Finance Subsidiary), or in respect of which the Company or any such Subsidiary is an obligor or otherwise provides a guarantee or other credit support ("Credit Facility"), in a principal amount outstanding (individually or in the aggregate with respect to a related series of agreements) or available for borrowing equal to or greater than the greater of (i) $30,000,000 or (ii) 10% of the aggregate commitments under the Company's primary working capital facility (or, in each case, the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency at such time).

"Material Indebtedness" means any Indebtedness of the Company or its Subsidiaries (other than Indebtedness under the Notes) (i) exceeding $10,000,000 or (ii) issued under, or pursuant to, any Material Credit Facility.

" **Material Project Document** " means (i) any contract or agreement that is related to the ownership, operation, maintenance, management service, repair or use of the System entered into by the Company or any Subsidiary that involves full payments or obligations of the Company or any Subsidiary in excess of $5,000,000 in any calendar year, and (ii) Leases, but shall exclude any documents subject to **Section 10.10** herein.

"Maturity Date" is defined in the first paragraph of each Note.

"McAllen Lease" shall mean the Third Amended and Restated Lease Agreement (McAllen System), dated as of December 1, 2014, between the Company, as lessor, and Sharyland, as lessee, as such lease may be amended restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Section 9.8** of this Agreement.

"Memorandum" is defined in **Section 5.3** .

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Net Proceeds Amount" means, with respect to any Transfer of any property by any Person, an amount equal to the *difference* of

(a) the aggregate amount of the consideration (if not cash, valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) allocated to such Person in respect of such Transfer, net of any applicable taxes incurred in connection with such Transfer, *minus*

(b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

"New Project" shall mean any transmission or distribution project, including any such project acquired or built by a Project Finance Subsidiary, any "Footprint Project" (as defined in the Leases) that the Company or a Subsidiary of the Company funds pursuant to a Lease and any such project that InfraREIT or a Subsidiary thereof acquires pursuant to the Development Agreement.

" **Non-Recourse Debt** " means Indebtedness of a Project Finance Subsidiary or a Subsidiary of Sharyland, as the case may be, that, if secured, is secured solely by a pledge of collateral owned by such Project Finance Subsidiary or such Subsidiary of Sharyland, as the case may be, and the Capital Stock in such Project Finance Subsidiary or such Subsidiary of Sharyland, as the case may be, and for which no Person other than such Project Finance Subsidiary or such Subsidiary of Sharyland, as the case may be, is personally liable.

"Non-U.S. Purchaser" means a Purchaser (or holder of a Note) that is not a "United States person" (as defined in Section 7701(a)(30) of the Code).

" **Note Documents** " means this Agreement, the Notes, the Security Documents, the Subsidiary Guaranties, all documents evidencing or securing the Obligations and all documents, instruments and agreements executed from time to time in connection with any of the foregoing, together with any amendment, waiver, supplement or other modification to any of the foregoing.

“ **Note Parties** ” means the Company and each Subsidiary that is a party to a Note Document, as applicable.

“Notes” is defined in **Section 1** .

“Obligation” means any loan, advance, debt, liability, and obligation of performance, howsoever arising, owed by the Note Parties to the Collateral Agent or the to holders of the Notes of any kind or description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, pursuant to the terms of this Agreement, any Note or any of the other Note Documents, including all principal, interest, Make-Whole Amounts, fees, charges, expenses, attorneys’ fees and accountants fees payable or reimbursable by the Company under this Agreement or any of the other Note Documents.

“OFAC” is defined in **Section 5.16(a)** .

“OFAC Listed Person” is defined in **Section 5.16(a)** .

“OFAC Sanctions Program” means any comprehensive economic sanctions or embargoes that OFAC administers and enforces against certain countries or territories (currently, Crimea, Cuba, Iran, North Korea, Sudan, and Syria).

“Officer’s Certificate” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“Optional Release Conditions” is defined in **Section 9.10** .

“Optional Release Date” is defined in **Section 9.10** .

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

“Permit” means any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, right or license of or from a Governmental Authority, provided that interests or estates in real property shall not be considered Permits.

“Permitted Lien” is defined in **Section 10.5** .

“ **Permitted Secured Indebtedness** ” has the meaning given to it in the Collateral Agency Agreement.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or

maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

" **Pledge Agreement"** means the Amended and Restated Assignment of Membership Interests and Pledge Agreement, dated as of December 10, 2014, by TDC, with respect to its membership interests in the Company, to the Collateral Agent.

"Preferred Stock" means any class of Capital Stock of a Person that is preferred over any other class of Capital Stock of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

" **Project Finance Subsidiary** " means a special purpose Subsidiary of a Person created to develop a New Project and to finance such New Project solely with Non-Recourse Debt and equity.

"Property Reinvestment Application" means, with respect to any Transfer of property constituting an Asset Disposition, the application of an amount equal to the Net Proceeds Amount with respect to such Transfer to the acquisition by the Company or any of its Subsidiaries of assets to be used in the principal business of the Company or any of its Subsidiaries.

"property" or **"properties"** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"Pru Note Purchase Agreement" means collectively and individually (i) that certain Amended and Restated Note Purchase Agreement dated September 14, 2010 and (ii) that certain Amended and Restated Note Purchase Agreement dated July 13, 2010, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Pru Notes" means collectively and individually the Company's 7.25% Senior Notes due December 30, 2029 and the Company's 6.47% Senior Notes due September 30, 2030 issued under the applicable Pru Note Purchase Agreement.

"PTE" is defined in **Section 6.2(a)** .

"Public Utility Holding Company Act" or **"PUHCA"** means the Public Utility Holding Company Act of 2005, and FERC's implementing regulations related thereto.

"Purchaser" or **"Purchasers"** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with **Section 13.2**), *provided, however,* that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to **Section 13.2** shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Agreement upon such transfer.

"Qualified Lessee" means Sharyland and/or any other utility that is (x) approved or authorized by the applicable public utility commission or similar regulatory authority to operate and/or lease the transmission and/or distribution assets of the Company or any Subsidiary and (y) a party to a then-effective lease agreement with the Company or a Subsidiary thereof pursuant to which such utility leases and operates such entity's transmission and/or distribution assets.

" **Qualified Lessee Affiliate Loan** " means loans made by InfaREIT Partners or a Subsidiary thereof to Qualified Lessees from time to time in an aggregate principal amount not to exceed $10,000,000 at any time outstanding as long as the use of proceeds of such loans is limited to the acquisition or financing of equipment or other assets used in the Qualified Lessee's operation or lease of transmission or distribution assets from the Company or a Subsidiary thereof pursuant to a Lease.

"QPAM Exemption" is defined in **Section 6.2(d)** .

" **RBC** " means Royal Bank of Canada, a Canadian banking institution.

" **RBC Agreement** " means that certain Third Amended and Restated Credit Agreement, dated as of December 10, 2014, among the Company, as borrower, the lenders from time to time party thereto and RBC, administrative agent, which as of the date hereof constitutes the Company's principal revolving credit agreement as the same may be amended, restated, supplemented and otherwise modified from time to time.

"Real Property Collateral " means any fee owned real property (other than easements and rights of way) with a fair market value in excess of $3,000,000.

"Related Fund" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Required Holders" means at any time (a) after the First Closing but before the Second Closing, the holders of more than 50% of the Notes outstanding, provided that only for the purposes of this clause (a), the Notes scheduled to be issued at the Second Closing shall be deemed to be outstanding (exclusive of Notes then owned by any Note Party or any of their Affiliates), and (b) at any time on or after the Second Closing, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Required Permit" means all governmental and third party Permits, patents, copyright, proprietary software, service marks, trademarks and trade names, or rights thereto, that are material to the ownership, leasing, operating and maintenance of the System.

"Requirements of Law" means as to any Person, the certificate of incorporation or formation and by-laws or partnership or operating agreement or other organizational or governing documents of such Person, and any local, state or Federal law, regulation, rule, ordinances or determination, interpretation or order of an arbitrator or a court or other

Governmental Authority, and any Required Permit, in each case applicable to or binding upon such Person or any of its properties or its business or to which such Person or any of its properties or its business is subject.

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"Second Closing" is defined in **Section 3** .

" **Secured Parties** " means the Collateral Agent, the holders of the Notes and the other Secured Parties (as defined in the Collateral Agency Agreement) from time to time.

"Securities" or **"Security"** shall have the meaning specified in section 2(1) of the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" **Security Agreement** " means the Amended and Restated Security Agreement, dated as of September 29, 2015, among the Company and the Collateral Agent.

" **Security Documents** " means (i) the Collateral Agency Agreement, Security Agreement, the Deeds of Trust, the Pledge Agreement and the Deposit Agreement, and (ii) other security documents entered into pursuant to **Section 9.7** and any other security documents, financing statements and the like filed or recorded in connection with the foregoing.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Senior Indebtedness" means and includes any Indebtedness of the Company (other than Indebtedness owing to any Affiliate) which is not expressed to be junior or subordinate in right of payment to any other Indebtedness of the Company.

"series" means any series of Notes issued pursuant to this Agreement.

"Series A Notes" is defined in **Section 1** .

"Series B Notes" is defined in **Section 1** .

"Sharyland" means Sharyland Utilities, L.P., a Texas limited partnership.

"Significant Subsidiary" means at any time any Subsidiary that would at such time constitute a "significant subsidiary" (as such term is defined in Regulation S-X of the SEC as in effect on the date of the First Closing) of the Company.

"Source" is defined in **Section 6.2** .

"SP" means Sharyland Projects, L.L.C., a Project Finance Subsidiary.

"Specified Qualified Lessee" means Sharyland and any Qualified Lessee (a) (i) without an Investment Grade Credit Rating or (ii) whose obligations under the applicable Leases are not guaranteed by an entity with an Investment Grade Credit Rating and (b) whose business is limited to the leasing of transmission and/or distribution assets from the Company or any of its Subsidiaries or Affiliates.

"Stanton/Brady/Celeste Lease" shall mean (A) prior to the effectiveness of the Stanton/Brady/Celeste Lease Amendment and Restatement, the Second Amended and Restated Lease Agreement (Stanton/Brady/Celeste Assets), dated as of December 1, 2014, between the Company, as lessor, and Sharyland, as lessee, and (B) upon the effectiveness of the Stanton/Brady/Celeste Lease Amendment and Restatement, the Stanton/Brady/Celeste Lease Amendment and Restatement, as such lease may be amended restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Section 9.8** of this Agreement.

"Stanton/Brady/Celeste Lease Amendment and Restatement" shall mean the Third Amended and Restated Lease Agreement (Stanton/Brady/Celeste Assets), between the Company, as lessor, and Sharyland, as lessee.

" **STL Lease** " shall mean the Third Amended and Restated Lease Agreement (Stanton Transmission Loop Assets, dated as of December 1, 2014, between the Company (as the successor in interest to SDTS FERC, L.L.C.), as lessor, and Sharyland (as the successor in interest to SU FERC, L.L.C.), as lessee, as such lease may be amended, restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Section 9.8** and **10.11** of this Agreement, as applicable.

"SP Credit Agreement" is defined in **Section 9.12** .

"SP Lenders" is defined in **Section 9.12** .

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Guarantor" means each Subsidiary that has executed and delivered a Subsidiary Guaranty.

"Subsidiary Guaranty" is defined in **Section 9.7(d)** .

"Substitute Purchaser" is defined in **Section 21** .

"Subsidiary Stock" means, with respect to any Person, the Capital Stock of any Subsidiary of such Person.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including, without limitation, any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

"Synthetic Lease" means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

" **System** " means the Company's and/or any Subsidiary's (other than a Project Finance Subsidiary's) integrated electrical transmission and distribution facilities located primarily in the State of Texas and the systems and other property necessary to operate the transmission and distribution facilities, and all improvements to and expansions of such facilities, and each New

Project (upon its completion) owned by the Company or a Subsidiary (other than a Project Finance Subsidiary) thereof; *provided* that, for the purposes hereof, "System" shall not be deemed to include any easements held by the Company or any Subsidiary.

" **System Leases** " means (1) the McAllen Lease, (2) the Stanton/Brady/Celeste Lease, (3) the ERCOT Transmission Lease, (4) the STL Lease, (5) the CREZ Lease and (6) any and all other Leases and supplements thereto in connection with the System and the transmission and distribution facilities ancillary thereto and any easements associated therewith, in the case of each of the foregoing clauses (1) through (6) as amended, restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof, in accordance with **Sections 9.8** and **10.11** of this Agreement, as applicable.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"TDC" means Transmission and Distribution Company, L.L.C., a Texas limited liability company.

" **Total Debt** " means, with respect to the Company, all Indebtedness of the Company on a consolidated basis; *provided, however,* that for purposes of calculating the Company's Total Debt to Capitalization Ratio, the Company's Total Debt shall exclude Non-Recourse Debt of a Project Finance Subsidiary of the Company and that portion of the Swap Termination Value defined in clause (b) of the definition of "Swap Termination Value" and shall include Indebtedness of Sharyland on a consolidated basis (excluding Non-Recourse Debt of a Project Finance Subsidiary of Sharyland).

" **Total Debt to Capitalization Ratio** " means, as of any date, (a) the Company's Total Debt as of such date divided by (b) the sum of (i) the Company's Total Debt as of such date plus (ii) the Company's Consolidated Net Worth as of such date. In connection with any transaction or series of related transactions not prohibited by this Agreement (including by waiver, consent or amendment given or made in accordance with **Section 17**) pursuant to which the Company or any Subsidiary makes any acquisition or disposition of assets with a fair market value greater than $1,000,000, the Total Debt to Capitalization Ratio shall be calculated on a pro forma basis after giving effect to such transaction or series of related transactions as a whole (including any related incurrence, repayment or assumption of Indebtedness).

"Transfer" means, with respect to any Person, any transaction (including by merger, consolidation or disposition of all or substantially all the assets of such Person) in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including, without limitation, Subsidiary Stock. **"Transfer** " shall also include the creation of minority interests in connection with any merger or consolidation involving a Subsidiary if the resulting entity is owned, directly or indirectly, by the Company in the proportion less than the proportion of ownership of such Subsidiary by the Company immediately preceding such merger or consolidation.

"UCC" shall mean, with respect to any jurisdiction, the Uniform Commercial Code as in effect in such jurisdiction.

"UCC Collateral" means the Collateral that is of a type in which a valid security interest can be created under Article 8 or Article 9 of the UCC as in effect in New York.

"USA PATRIOT Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"U.S. Economic Sanctions" is defined in **Section 5.16(a)** .

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

[FORM OF SERIES A NOTE]

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

3.86% SENIOR NOTE, SERIES A, DUE DECEMBER 3, 2025

No. RA-[ ] **[Date]**
$[ ] PPN 82011@ AC7

FOR VALUE RECEIVED, the undersigned, **SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.** (herein called the **"Company"**), a Texas limited liability company, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on December 3, 2025 (the **"Maturity Date"**), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 3.86% per annum from the date hereof, payable semiannually, on the third day of June and December in each year, commencing with the June 3 or December 3 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.86% or (ii) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Wells Fargo Bank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the **"Notes"**) issued pursuant to the Note Purchase Agreement, dated as of December 3, 2015 (as from time to time amended, the **"Note Purchase Agreement"**), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the

person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional and mandatory prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

S HARYLAND D ISTRIBUTION & T RANSMISSION S ERVICES , L.L.C.

By _____
[Title]

[FORM OF SERIES B NOTE]

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

3.86% SENIOR NOTE, SERIES B, DUE JANUARY 14, 2026

No. RB-[ ] **[Date]**
$[ ] PPN 82011@ AD5

FOR VALUE RECEIVED, the undersigned, **SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.** (herein called the **"Company"**), a Texas limited liability company, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on January 14, 2026 (the **"Maturity Date"**), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 3.86% per annum from the date hereof, payable semiannually, on the fourteenth day of January and July in each year, commencing with the January 14 or July 14 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.86% or (ii) 2.00% over the rate of interest publicly announced by Wells Fargo Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Wells Fargo Bank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the **"Notes"**) issued pursuant to the Note Purchase Agreement, dated as of December 3, 2015 (as from time to time amended, the **"Note Purchase Agreement"**), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the

person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional and mandatory prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

S HARYLAND D ISTRIBUTION & T RANSMISSION S ERVICES , L.L.C.

By _____
[Title]

F ORM OF O PINION OF S PECIAL C OUNSEL TO THE C OMPANY

Matters To Be Covered in Opinion of Special Counsel to the Company

S CHEDULE 4.4(a)
(to Note Purchase Agreement)

FORM OF OPINION OF SPECIAL COUNSEL TO THE PURCHASERS

SCHEDULE 4.4(b)
(to Note Purchase Agreement)

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.
1807 ROSS AVENUE
DALLAS, TEXAS 75201

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
METROPOLITAN LIFE INSURANCE COMPANY 1095 Avenue of the Americas New York, New York 10036	$21,300,000	$10,100,000

(Securities to be registered in the name of **Metropolitan Life Insurance Company**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	JPMorgan Chase Bank
ABA Routing #:	021-000-021
Account No.:	002-2-410591
Account Name:	Metropolitan Life Insurance Company
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% due 12/2015 & 01/2026

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Metropolitan Life Insurance Company
Investments, Private Placements
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

SCHEDULE B
(to Note Purchase Agreement)

With a copy **OTHER than with respect to deliveries of financial statements** to:

Metropolitan Life Insurance Company
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com

(3) Original notes delivered to:

Metropolitan Life Insurance Company
Investments Law
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Stephanie Doncov, Esq.

(4) Taxpayer I.D. Number: 13-5581829

(5) UK Passport Treaty Number (if applicable): 13/M/61303/DTTP

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
METLIFE INSURANCE COMPANY USA c/o Metropolitan Life Insurance Company 1095 Avenue of the Americas New York, New York 10036	$8,700,000	$4,100,000

(Securities to be registered in the name of **MetLife Insurance Company USA**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	JPMorgan Chase Bank
ABA Routing #:	021-000-021
Account No.:	910-2-587434
Account Name:	MetLife Insurance Company USA
Ref:	Sharyland Distribution & Transmission Services, LLC

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

MetLife Insurance Company USA
c/o Metropolitan Life Insurance Company
Investments, Private Placements
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

MetLife Insurance Company USA
c/o Metropolitan Life Insurance Company
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com

(3) Original notes delivered to:

MetLife Insurance Company USA
c/o Metropolitan Life Insurance Company
Investments Law
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Stephanie Doncov, Esq.

(4) Taxpayer I.D. Number: 06-0566090

(5) UK Passport Treaty Number (if applicable): 13/M/61653/DTTP

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
EMPLOYERS REASSURANCE CORPORATION c/o Jane Kipper 7101 College Boulevard, Suite 1400 Overland Park, KS 66210	$10,600,000	$5,100,000

(Securities to be registered in the name of **Cudd & Co.**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	JPMorgan Chase Bank
ABA Routing #:	021-000-021
Account No.:	9009002859
Account Name:	Private Placement Income
Ref:	G10190 Employers Reassurance Corporation - Sharyland Distribution & Transmission Services

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Employers Reassurance Corporation
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Employers Reassurance Corporation
c/o MetLife Investment Advisors, LLC
P.O. Box 1902
10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
JPMorgan Chase Bank
Attn: Private Placements
Account: Employers Reassurance Corp
14201 Dallas Parkway - 13th Floor
Dallas, TX 75254
FAX (469) 477-1904

(3) Original notes delivered to:

The Depository Trust Company
5 70 Washington Blvd - 5th Floor
Jersey City, NJ 07310
ATTN: BNY Mellon/Branch Deposit Department
(FFC No. G10190, PP Income, Employers Reassurance Corp.)

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 481024691

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
LINCOLN BENEFIT LIFE COMPANY 5600 N. River Road Columbia Centre 1, Suite 300 Rosemont, IL 60018	$2,600,000	$3,100,000

(Securities to be registered in the name of **Lincoln Benefit Life Company**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	Citibank, N.A.
Location:	New York, NY
ABA:	021000089
A/C#:	36858201
A/C:	Insurance Concentration Account
FFC:	LBL Other Life – Other (MetL) AC#: 234077
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% DUE 12/2025 & 1/2026

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
Lincoln Benefit Life Company
Attention: Karl Chappell
5600 N. River Road
Columbia Centre 1, Suite 300
Rosemont, IL 60018

(3) Original notes delivered to: (Physical Note)

Citibank 908
DTC NY Window
55 Water Street, 3rd Floor
New York, NY 10041
A/c Number: LBL Other Life – Other (MetL) AC#: 234077

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 47-0221457

(5) UK Passport Treaty Number (if applicable): N/A

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
LINCOLN BENEFIT LIFE COMPANY 5600 N. River Road Columbia Centre 1, Suite 300 Rosemont, IL 60018	$8,000,000	$ 0

(Securities to be registered in the name of **Lincoln Benefit Life Company**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	Citibank, N.A.
Location:	New York, NY
ABA:	021000089
A/C#:	36858201
A/C:	Insurance Concentration Account
FFC:	LBL Lancaster Funds Withheld – Other (MetL) AC#: 234073
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% DUE 12/2025

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
Lincoln Benefit Life Company
Attention: Karl Chappell
5600 N. River Road
Columbia Centre 1, Suite 300
Rosemont, IL 60018

(3) Original notes delivered to: (Physical Note)

Citibank 908
DTC NY Window
55 Water Street, 3rd Floor
New York, NY 10041
A/c Number: LBL Other Life – Other (MetL) AC#: 234073

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 47-0221457

(5) UK Passport Treaty Number (if applicable): N/A

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES AN NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B N OTES TO BE PURCHASED
LINCOLN BENEFIT LIFE COMPANY 5600 N. River Road Columbia Centre 1, Suite 300 Rosemont, IL 60018	$ 0	$2,000,000

(Securities to be registered in the name of **Lincoln Benefit Life Company**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Bank Name:	Citibank, N.A.
Location:	New York, NY
ABA:	021000089
A/C#:	36858201
A/C:	Insurance Concentration Account
FFC:	LBL ModCo Life – Other (MetL) AC#: 234075
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% DUE 1/2026

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Lincoln Benefit Life Company
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
Lincoln Benefit Life Company
Attention: Karl Chappell
5600 N. River Road
Columbia Centre 1, Suite 300
Rosemont, IL 60018

(3) Original notes delivered to: (Physical Note)

Citibank 908
DTC NY Window
55 Water Street, 3rd Floor
New York, NY 10041
A/c Number: LBL ModCo Life – Other (MetL) AC#: 234075

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 47-0221457

(5) UK Passport Treaty Number (if applicable): N/A

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
SYMETRA LIFE INSURANCE COMPANY 777 108th Avenue NE, Suite 1200 Bellevue, WA 98004-5135	$6,800,000	$3,200,000

(Securities to be registered in the name of **CUDD and CO**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

U.S. (USD)

Bank Name:	JPMorgan Chase
ABA:	021-000-021
Account No.:	9009000200
FFC:	P89526, Symetra Life Indexed Annuity 170 – Met Private
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% DUE 12/2025 & 1/2026

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Symetra Life Insurance Company
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Symetra Life Insurance Company
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
Symetra Life Insurance Company
Attn: Nate Zaientz
200 Hubbard Road
Guilford, CT 06437

(3) Original notes delivered to:

Symetra Life Insurance Company
Attn: Nate Zaientz
200 Hubbard Road
Guilford, CT 06437

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 91-0742147

(5) UK Passport Treaty Number (if applicable): 13/S/307814/DTTP

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
SYMETRA LIFE INSURANCE COMPANY 777 108th Avenue NE, Suite 1200 Bellevue, WA 98004-5135	$3,800,000	$1,900,000

(Securities to be registered in the name of **CUDD and CO**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

U.S. (USD)

Bank Name:	JPMorgan Chase
ABA:	021-000-021
Account No.:	9009000200
FFC:	P89536, Symetra Life Deferred Annuity 196 – Met Private
Ref:	Sharyland Distribution & Transmission Services, LLC 3.86% DUE 12/2025 & 1/2026

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Symetra Life Insurance Company
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Symetra Life Insurance Company
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com
and
Symetra Life Insurance Company
Attn: Nate Zaientz
200 Hubbard Road
Guilford, CT 06437

(3) Original notes delivered to:

Symetra Life Insurance Company
Attn: Nate Zaientz
200 Hubbard Road
Guilford, CT 06437

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: 91-0742147

(5) UK Passport Treaty Number (if applicable): 13/S/307814/DTTP

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
SWISS FEDERAL PENSION FUND PUBLICA Attn: Asset Management Eigerstrasse 57, P.O. Box, 3000 Berne 23 Switzerland	$3,200,000	$1,500,000

(Securities to be registered in the name of **Pensionskasse des Bundes PUBLICA**)

(1) All scheduled payments of principal and interest by wire transfer of immediately available funds to:

Currency:	USD
Bank Name:	JPMORGAN CHASE BANK, NEW YORK
SWIFT:	CHASUS33
Account No.:	001 0 962009
Name:	CHASGB2L
FFC:	GB63CHAS60924241360786
NAME:	PUBLICA - PRIVATE PLACEMENT METLIFE
Ref:	Sharyland Distribution & Transmission Services, LLC

with sufficient information to identify the source and application of such funds, including issuer, PPN#, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise. For all payments other than scheduled payments of principal and interest, the Company shall seek instructions from the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth above.

(2) All notices and communications:

Publica
c/o MetLife Investment Advisors, LLC
Investments, Private Placements
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Nancy Doyle
Emails: PPUCompliance@metlife.com and ndoyle@metlife.com

With a copy **OTHER than with respect to deliveries of financial statements** to:

Swiss Federal Pension Fund PUBLICA
Attn: Asset Management
Eigerstrasse 57, P. O. Box, 3000, Berne 23, Switzerland
Facsimile: +41 31 378 81 15
and
Publica
c/o MetLife Investment Advisors, LLC
P.O. Box 1902, 10 Park Avenue
Morristown, New Jersey 07962-1902
Attention: Chief Counsel-Investments Law (PRIV)
Email: sec_invest_law@metlife.com

(3) Original notes delivered to:

JPMorgan Chase Bank, N.A.
4 Chase Metrotech Center, 3rd Floor
Brooklyn, New York 11245-0001
Attention: Physical Receive Department
Reference Account: # 001 0 962009 (FFC GB63CHAS60924241360786)
Reference: Account Name - PUBLICA - PRIVATE PLACEMENT METLIFE

with COPIES OF THE NOTES emailed to lhill@metlife.com

(4) Taxpayer I.D. Number: ZPV 230’763’575

(5) UK Passport Treaty Number (if applicable): N/A

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY c/o Babson Capital Management LLC 1500 Main Street - Suite 2200 PO Box 15189 Springfield, MA 01555-5189	$29,500,000	$17,700,000

Payments

All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as Sharyland Distribution & Transmission Services, LLC, 3.86% Senior Secured Notes due December 3, 2025 (as to Series A) or January 14, 2026 (as to Series B) interest and principal), to:

MassMutual
Citibank
New York, New York
ABA # 021000089
Acct # 30510685
RE: Description of security, cusip, principal and interest split

With advice of payment to the Treasury Operations Liquidity Management Department at Massachusetts Mutual Life Insurance Company at mmincometeam@massmutual.com or (413) 226-4295 (facsimile).

Registration of Securities

All securities should be registered to **Massachusetts Mutual Life Insurance Company** and sent via overnight mail to:

Tina Waterman, Paralegal
Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115-5189
Telephone: 413-226-1060
Facsimile: 413-226-2060
E-mail: twaterman@babsoncapital.com

Notices

Send Communications and Notices to

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

Electronic Delivery of Financials and other information to:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

With notification to:

1. privateplacements@babsoncapital.com
2. jwheeler@babsoncapital.com

Send Notices on Payments to

Massachusetts Mutual Life Insurance Company
Treasury Operations Liquidity Management
1295 State Street
Springfield, MA 01111
Attn: Janelle Tarantino

With a copy to:

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115

Tax Identification No . 04-1590850
DTTP No.: 13/M/63867/DTTP

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
C.M. Life Insurance Company c/o Babson Capital Management LLC 1500 Main Street - Suite 2200 PO Box 15189 Springfield, MA 01555-5189	$2,400,000	$1,400,000

Payments

All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as Sharyland Distribution & Transmission Services, LLC, 3.86% Senior Secured Notes due December 3, 2025 (as to Series A) or January 14, 2026 (as to Series B) interest and principal), to:

JP Morgan Chase Bank
New York, NY
ABA # 021000021
Account Name: CM Life Insurance Company
Account Number: 771061371
RE: Description of security, cusip, principal and interest split

With advice of payment to the Treasury Operations Liquidity Management Department at Massachusetts Mutual Life Insurance Company at mmincometeam@massmutual.com or (413) 226-4295 (facsimile).

Registration of Securities

All securities should be registered to **C.M. Life Insurance Company** and sent via overnight mail to:

Tina Waterman, Paralegal
Babson Capital Management LLC
1500 Main Street, Suite 2800
Springfield, MA 01115-5189
Telephone: 413-226-1060
Facsimile: 413-226-2060
E-mail: twaterman@babsoncapital.com

Notices

Send Communications and Notices to

C.M. Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

Electronic Delivery of Financials and other information to:

C.M. Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

With notification to:

1. privateplacements@babsoncapital.com
2. jwheeler@babsoncapital.com

Send Notices on Payments to

C.M. Life Insurance Company
Treasury Operations Liquidity Management
1295 State Street
Springfield, MA 01111
Attn: Janelle Tarantino

With a copy to:

C.M. Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115

Tax Identification No . 06-1041383
DTTP No.: 13/C/65904/DTTP

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Mass Mutual Asia Limited c/o Babson Capital Management LLC 1500 Main Street - Suite 2200 PO Box 15189 Springfield, MA 01555-5189	$5,300,000	$3,200,000

Payments

All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as Sharyland Distribution & Transmission Services, LLC, 3.86% Senior Secured Notes due December 3, 2025 (as to Series A) or January 14, 2026 (as to Series B) interest and principal), to:

Gerlach & Co.
Citibank, N.A.
ABA Number 021000089
Concentration Account 36112805
FFC: MassMutual Asia 849195
Name of Security/CUSIP Number

With advice of payment to the Treasury Operations Liquidity Management Department at Massachusetts Mutual Life Insurance Company at mmincometeam@massmutual.com or (413) 226-4295 (facsimile).

Registration of Securities

All securities should be registered in Citibank's nominee name of **Gerlach & Co.** and to the following address:

Citibank NA
399 Park Avenue
Level B Vault
New York, NY 10022
Acct. #849195

Notices

Send Communications and Notices to

MassMutual Asia Limited
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

Send Notices on Payments to

MassMutual Asia Limited
Treasury Operations Liquidity Management
1295 State Street
Springfield, MA 01111
Attn: Janelle Tarantino

Electronic Delivery of Financials and other information to:

MassMutual Asia Limited
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

With notification to:

1. privateplacements@babsoncapital.com
2. jwheeler@babsoncapital.com

With a copy to:

MassMutual Asia Limited
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115

Send Corporate Action Notification to:

Citigroup Global Securities Services
Attn: Corporate Action Dept
3800 Citibank Center Tampa
Building B Floor 3
Tampa, FL 33610-9122

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Banner Life Insurance Company c/o Babson Capital Management LLC 1500 Main Street - Suite 2200 PO Box 15189 Springfield, MA 01555-5189	$2,800,000	$1,700,000

Payments

All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as Sharyland Distribution & Transmission Services, LLC, 3.86% Senior Secured Notes due December 3, 2025 (as to Series A) or January 14, 2026 (as to Series B) interest and principal), to:

BANNER LIFE INSURANCE COMPANY
The Bank of New York/Mellon
New York, New York
ABA # 021000018
Acct Name: Banner Life Insurance Company
Account # GLA 111566
Attention: P&I Department
RE: Description of security, cusip, principal and interest split

Registration of Securities

All securities should be registered to **Hare & Co., LLC** and sent via overnight mail to:

The Depository Trust Company
570 Washington Blvd - 5th Floor
Jersey City, NJ 07310
Attn: BNY Mellon/Branch Deposit Department
Reference # 117612 US Bank NA

With a copy of Notes to:

Tina Waterman, Paralegal
Babson Capital Management LLC
1500 Main Street – Suite 2800
Springfield, MA 01115-5189
Telephone: 413-226-1060
Facsimile: 413-226-2060
Email: twaterman@babsoncapital.com

Electronic Delivery of Financials and other information to:

Banner Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

Notices

Tax Identification No . 52-1236145
DTTP No.: 13/B/363911/DTTP

Send Communications and Notices, including notices on payments, to

Banner Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

With notification to:

1. privateplacements@babsoncapital.com
2. jwheeler@babsoncapital.com

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
NEW YORK LIFE INSURANCE COMPANY c/o NYL Investors LLC 51 Madison Avenue 2nd Floor, Room 208 New York, New York 10010	$16,200,000	$9,600,000

[See attached]

NEW YORK LIFE INSURANCE COMPANY
(Tax I.D. No. 13-5582869)

(1) All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York 10019
ABA No. 021-000-021
Credit: New York Life Insurance Company
General Account No. 008-9-00687

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance Company
c/o NYL Investors LLC
51 Madison Avenue
2 nd Floor, Room 208
New York, New York 10010-1603

Attention: Investment Services
Private Group
2 nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

(2) All other communications:

New York Life Insurance Company
c/o NYL Investors LLC
51 Madison Avenue
2 nd Floor, Room 208
New York, New York 10010

Attention: Private Capital Investors
2 nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: (212) 576-8340

(3) Note(s) to be registered in the name of: New York Life Insurance Company

NYL Locked 2.26.2015

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
New York Life Insurance and Annuity Corporation c/o NYL Investors LLC 51 Madison Avenue 2nd Floor, Room 208 New York, New York 10010-1603	$23,800,000	$14,400,000

[See attached]

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
(Tax I.D. No. 13-3044743)

(1) All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York
ABA No. 021-000-021
Credit: New York Life Insurance and Annuity Corporation
General Account No. 323-8-47382

with sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds,

All notices of payments, written confirmations of such wire transfers and any audit confirmation:

New York Life Insurance and Annuity Corporation
c/o NYL Investors LLC
51 Madison Avenue
2 nd Floor, Room 208
New York, New York 10010-1603

Attention: Investment Services
Private Group
2 nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

Any changes in the foregoing payment instructions shall be confirmed by e-mail to NYLIMWireConfirmation@nylim.com prior to becoming effective.

(2) All other communications:

New York Life Insurance and Annuity Corporation
c/o NYL Investors LLC
51 Madison Avenue
2 nd Floor, Room 208
New York, New York 10010-1603

Attention: Private Capital Investors
2 nd Floor
Fax #: 908-840-3385

with a copy sent electronically to:

FIIGLibrary@nylim.com
TraditionalPVtOps@nylim.com

and with a copy of any notices regarding defaults or Events of Default under the operative documents to:

Attention: Office of General Counsel
Investment Section, Room 1016
Fax #: (212) 576-8340

(3) Note(s) to be registered in the name of: New York Life Insurance and Annuity Corporation

NYL Locked 2.26.2015

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
COBANK, ACB 6340 S. Fiddlers Green Circle Greenwood Village, Colorado 80111 Telephone: 303-740-4000 Fax: 303-740-4002	$60,000,000	$ 0

CoBank Wire Instructions:

Name of Bank:	CoBank, ACB
Location of Bank:	Greenwood Village, Colorado
Swift BIC:	NBFCUS55
ABA Routing No:	307088754
Account Name	Sharyland Distribution and Transmission Services LLC
Account Number	00099901

CoBank General Information:

Legal Name:	CoBank, ACB
Street Address:	6340 S. Fiddlers Green Circle
City, State and Zip:	Greenwood Village, Colorado 80111
Telephone:	303-740-4000
Fax:	303-740-4002

Operations Contact (Bank Agency/Operations)
(Draws/Repayments/Funding Matters)

	Primary Contact	**Secondary Contact**
Name:	Beth Johnson	Sonya Moran
Title:	Loan Accounting Analyst	Supervisor, Loan Accounting
Street Address:	6340 S. Fiddlers Green Circle	6340 S. Fiddlers Green Circle
City, State and Zip:	Greenwood Village, CO 80111	Greenwood Village, CO 80111
Telephone:	(303) 740-4347	(303) 740-4028
E-mail:	Cobankloanaccounting@cobank.com	Cobankloanaccounting@cobank.com

Credit Contact

	Primary Contact	**Secondary Contact**
Name:	Dustin Zubke	Brianna Springer
Title:	Vice President	Credit Analyst
Street Address:	6340 S. Fiddlers Green Circle	6340 S. Fiddlers Green Circle
City, State and Zip:	Greenwood Village, CO 80111	Greenwood Village, CO 80111
Telephone:	(303)740-6458	(303) 694-5990
E-mail:	dzubke@cobank.com	BSpringer@cobank.com

Loan Documentation and Closing Matters

	Primary Contact	Secondary Contact
Name:	Laura Laff	Tonya Halvorson
Title:	Corporate Finance Closer	Supervisor, Closing
Street Address:	6340 S. Fiddlers Green Circle	6340 S. Fiddlers Green Circle
City, State and Zip:	Greenwood Village, CO 80111	Greenwood Village, CO 80111
Telephone:	(303) 740-4099	(303) 740-6504
E-mail:	closing@cobank.com	closing@cobank.com

Reporting Contact
(Compliance Matters & Financial Statements)

Name:	Brianna Springer
Title:	Credit Analyst
Street Address:	6340 S. Fiddlers Green Circle
City, State and Zip:	Greenwood Village, CO 80111
Telephone:	(303) 694-5990
E-mail:	BSpringer@cobank.com

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
VOYA INSURANCE AND ANNUITY COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$26,700,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: Voya Ins and Ann Co GEN AC/Acct. 136373, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1363738400
Account Name: Voya Ins and Ann Co GEN AC
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 41-0991508

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
VOYA INSURANCE AND ANNUITY COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$6,700,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: Voya Ins and Ann Co - SLDI/Acct. 179369, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 179398400
Account Name: Voya Ins and Ann Co - SLDI
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

with a copy to:

The Bank of New York
Insurance Trust Dept.
101 Barclay 8 West
New York, NY 10286
Attn:.: Bailey Eng
Baileyeng@bankofny.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 41-0991508

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
VOYA INSURANCE AND ANNUITY COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$5,800,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: Voya Ins and Ann Co MVA/Acct. 136374, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1363748400
Account Name: Voya Ins and Ann Co MVA
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 41-0991508

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$11,100,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: VRIAC/Acct. 216101, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 2161018400
Account Name: VRIAC
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 71-0294708

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
RELIASTAR LIFE INSURANCE COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$1,100,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: RLIC/Acct. 187035, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1870358400
Account Name: RLIC
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 41-0451140

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Reliastar Life Insurance Company of New York 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$500,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: RLNY/Acct. 187038, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1870388400
Account Name: RLNY
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 53-0242530

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
SECURITY LIFE OF DENVER INSURANCE COMPANY 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$2,800,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: SLD/Acct. 178157, 82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1781578400
Account Name: SLD
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 84-0499703

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Security Life of Denver Insurance Company 5780 Powers Ferry Road NW, Suite 300 Atlanta, GA 30327-4347 Attn: Private Placements Fax: (770) 690-4887 Email: Private.placements@voya.com	$300,000	$ 0

(1) All payments on account of Notes held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018
BNF: GLA111566
Attention: Income Collection Dept
Reference: A/C#: 1781658400
Account Name: Security Life of Denver Ins — SSA
82011@ AC7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 or via SWIFT IRVTUS3NAMS
BNF: GLA111566
Account No.: 1781658400
Account Name: Security Life of Denver Ins — SSA
Reference: 82011@ AC7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the Notes on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-4887
Email: private.placements@voya.com

(4) Tax Identification No.: 84-0499703

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
THE GIBRALTAR LIFE INSURANCE CO., LTD. Prudential Private Placement Investors, L.P. c/o Prudential Capital Group 2200 Ross Avenue, Suite 4300 Dallas, TX 75201	$7,500,000 $7,500,000	$ 0

(1) All principal, interest and Make-Whole Amount payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021

Account Name: GIBPRVHFR1
Account No.: P30782 (please do not include spaces) (in the case of payments on account of Note No. RA-24)

Account Name: GIBPRVHFR2
Account No.: P86406 (please do not include spaces) (in the case of payments on account of Note No. RA-25)

Each such wire transfer shall set forth the name of the Company, a reference to "3.86% Senior Notes, Series A, due 2025, Security No. INV10794, PPN 82011@ AC7" and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) All payments, other than principal, interest or Make-Whole Amount, on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No. 021-000-021
Account No. 304199036
Account Name: Prudential International Insurance Service Co.

Each such wire transfer shall set forth the name of the Company, a reference to "3.86% Senior Notes, Series A, due 2025, Security No. INV10794, PPN 82011@ AC7" and the due date and application (e.g., type of fee) of the payment being made.

(3) Address for all communications and notices:

Prudential Private Placement Investors, L.P.
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

The Gibraltar Life Insurance Co., Ltd.
2-13-10, Nagata-cho
Chiyoda-ku, Tokyo 100-8953, Japan

Attention: Osamu Egi, Team Leader of Investment
Administration Team
E-mail: osamu.egi@gib-life.co.jp

and e-mail copy to:

Attention: Tetsuya Sawazaki, Manager of Investment
Administration Team
E-mail:tetsuya.sawazaki@gib-life.co.jp

(4) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201
Attention: William H. Bulmer
Telephone: (214) 720-6204

(5) Tax Identification No.: 98-0408643

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
The Prudential Insurance Company of America c/o Prudential Capital Group 2200 Ross Avenue, Suite 4300 Dallas, TX 75201	$9,600,000	$ 0

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021
Account Name: Prudential Managed Portfolio
Account No.: P86188 (please do not include spaces)

Each such wire transfer shall set forth the name of the Company, a reference to "3.86% Senior Notes, Series A, due 2025, Security No. INV10794, PPN 82011@ AC7" and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) Address for all communications and notices:

The Prudential Insurance Company of America
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

The Prudential Insurance Company of America
c/o Prudential Investment Management, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102
Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201
Attention: William H. Bulmer
Telephone: (214) 720-6204

(4) Tax Identification No.: 22-1211670

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Prudential Arizona Reinsurance Captive Company c/o Prudential Capital Group 2200 Ross Avenue, Suite 4300 Dallas, TX 75201	$6,400,000	$ 0

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Citibank/NYC
ABA No.: 021-000-089
Account Name: Citibank N.A. NY Trust and Custody
Account No.: 36859933
SWIFT: CITIUS33
FFC Account Name: PARCC PLAZ Trust 1
FFC Account No.: 240212

Each such wire transfer shall set forth the name of the Company, a reference to "3.86% Senior Notes, Series A, due 2025, Security No. INV10794, PPN 82011@ AC7" and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) Address for all communications and notices:

Prudential Arizona Reinsurance Captive Company
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

Prudential Arizona Reinsurance Captive Company
c/o Prudential Investment Management, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102
Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201
Attention: William H. Bulmer
Telephone: (214) 720-6204

(4) Tax Identification No.: 33-1095301

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
AXA EQUITABLE LIFE INSURANCE COMPANY 525 Washington Blvd., 34th Floor Jersey City, NJ 07310 Attn: Lynn Garofalo Telephone Number: (201) 743-6634	$24,000,000	$ 0

Account (s): AXA Equitable Life Insurance Company
IRS Employer Identification Number: 13-557-0651

Delivery Instructions

for direct private placement purchases notes issued in the name of AXA Equitable Life Insurance Company :

Name and Address of Purchaser
AXA Equitable Life Insurance Company
525 Washington Blvd., 34th Floor
Jersey City, New Jersey 07310
Attention: Lynn Garofalo
Telephone Number: (201) 743-6634

Manner of Payments and Notices:

All payments shall be made by wire transfer of immediately available funds to:

JP Morgan Chase
Account (s): AXA Equitable Life Insurance Company
4 Chase Metrotech Center
Brooklyn, New York 11245
ABA No.: 021-000021
Bank Account: 037-2-413336
Custody Account: G04657
Face Amount: $24,000,000.00

Each such wire shall show the name of the Company, the Private Placement Number, the due date of the payment being made and, if such payment is a final payment.

Notices of Payments and Written Confirmations and W-9 Forms if Needed:

All notices of payments and written confirmations of wire transfers should be sent to:

AXA Equitable Life Insurance Company
C/O AB Global
1345 Avenue of the America
37 th Floor
New York, New York 10105
Attention: Cosmo Valente / Mike Maher / Mei Wong
Telephone: 212/969-6384 / 212-823-2873 / 212-969-2112
Email: cosmo.valente@abglobal.com
michael.maher@abglobal.com
mei.wong@abglobal.com

Address for all other communications :

AXA Equitable Life Insurance Company
C/O AB Global
1345 Avenue of the Americas, 37th Floor
New York, NY 10105
Attention: Terry McCarthy
Telephone #: 212-969-1350
Email: terry.mccarthy@abglobal.com

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
AXA Equitable Life Insurance Company 525 Washington Blvd., 34th Floor Jersey City, NJ 07310 Attn: Lynn Garofalo Telephone Number: (201) 743-6634	$ 2,000,000	$ 0

Account (s): AXA Equitable Life Insurance Company
IRS Employer Identification Number: 13-557-0651

Delivery Instructions

for direct private placement purchases notes issued in the name of AXA Equitable Life Insurance Company :

Name and Address of Purchaser
AXA Equitable Life Insurance Company
525 Washington Blvd., 34th Floor
Jersey City, New Jersey 07310
Attention: Lynn Garofalo
Telephone Number: (201) 743-6634

Manner of Payments and Notices:

All payments shall be made by wire transfer of immediately available funds to:

JP Morgan Chase
Account (s): AXA Equitable Life Insurance Company
4 Chase Metrotech Center
Brooklyn, New York 11245
ABA No.: 021-000021
Bank Account: 910-2-785251
Custody Account: G07126
Face Amount: $2,000,000.00

Each such wire shall show the name of the Company, the Private Placement Number, the due date of the payment being made and, if such payment is a final payment.

Notices of Payments and Written Confirmations and W-9 Forms if Needed:

All notices of payments and written confirmations of wire transfers should be sent to:

AXA Equitable Life Insurance Company
C/O AB Global
1345 Avenue of the America
37 th Floor
New York, New York 10105
Attention: Cosmo Valente / Mike Maher / Mei Wong
Telephone: 212/969-6384 / 212-823-2873 / 212-969-2112
Email: cosmo.valente@abglobal.com
michael.maher@abglobal.com
mei.wong@abglobal.com

Address for all other communications :

AXA Equitable Life Insurance Company
C/O AB Global
1345 Avenue of the Americas, 37th Floor
New York, NY 10105
Attention: Terry McCarthy
Telephone #: 212-969-1350
Email: terry.mccarthy@abglobal.com

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
HORIZON BLUE CROSS BLUE SHIELD OF NEW JERSEY c/o AB Global 1345 Avenue of the Americas - 38th Floor New York, NY 10105 Attention: Amy Judd, Sr VP	$2,000,000	$ 0

Account (s): Horizon Blue Cross Blue Shield of New Jersey
IRS Employer Identification Number: 22-0999690

Delivery Instructions

for direct private placement purchases notes issued in the name of CUDD & Co. :

Name and Address of Investment Advisor
Alliance Capital Management
1345 Avenue of the Americas
New York, NY 10105
Attention: Angel Salazar/Cosmo Valente
Insurance Operations
Telephone Number: 212-969-2491 or 212-969-6384

Manner of Payments and Notices:

All payments shall be made by wire transfer of immediately available funds to:

JP Morgan/Chase
ABA No.: 021-000021
For credit to the Private Income Processing Group
Account Number: 900-9000-200
Account: Horizon Blue Cross Blue Shield of New Jersey-P60748
Face Amount of $2,000,000.00

Each such wire shall show the name of the Company, the Private Placement Number, the due date of the payment being made and, if such payment is a final payment.

Notices of Payments and Written Confirmations:

All notices of payments and written confirmations of wire transfers should be sent to:

JPMorgan Chase Manhattan Bank
14201 N. Dallas Parkway
13th Floor
Dallas, Texas 75254-2917
Fax: 469-477-1904

Second Copy of Payments and Written Confirmations:

Horizon Blue Cross Blue Shield of New Jersey
c/o AB Global
1345 Avenue of the Americas
New York, NY 10105
Attention: Mei Wong / Mike Maher
Telephone: 212/969-2112 / 212-823-2873
Fax: 212-969-6298

Third Copy of Payments and Written Confirmations:

Horizon Blue Cross Blue Shield of New Jersey
Three Penn Plaza
PP-15K
Newark, NJ 07105-2200
Attention: Rongbiao Fu, CFA
Phone: 973-466-5261
Fax: 973-466-7110

Address for all other communications :

AB Global
1345 Avenue of the Americas, 38th Floor
New York, NY 10105
Attention: Amy Judd, Sr VP
Phone: 212-823-2775
Fax: 212-969-6089

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
GERBER LIFE INSURANCE COMPANY c/o AB Global 1345 Avenue of the Americas - 38th Floor New York, NY 10105 Attention: Amy Judd	$2,000,000	$ 0

Account (s): Gerber Life Insurance Company
IRS Employer Identification Number: 13-2611847

Delivery Instructions

for direct private placement purchases notes issued in the name of Band & Co. :

Name and Address of Investment Advisor
AB Global
1345 Avenue of the Americas
New York, NY 10105
Attention: Angel Salazar/Cosmo Valente 37th Floor
Insurance Operations
Telephone Number: 212-969-2491 or 212-969-6384

Manner of Payments and Notices:

All payments shall be made by wire transfer of immediately available funds to:

U.S. Bank N.A.
60 Livingston Avenue
St. Paul, MN 55107-2292
ABA No. 091 000 022
Account Number: 180183083765
Account: Gerber Life Insurance Company Attn: Income
Face Amount of $2,000,000.00

Each such wire shall show the name of the Company, the Private Placement Number, the due date of the payment being made and, if such payment is a final payment.

Notices of Payments and Written Confirmations:

All notices of payments and written confirmations of wire transfers should be sent to:

U.S. Bank Institutional Trust & Custody
Attn: Angela Upchurch & Gene Iucci V.P. & Account Mgr.
50 South 16th Street Suite 2000
Philadelphia, PA 19102
Phone: 215-761-9338
Fax: 866-739-0809

Second Copy of Payments and Written Confirmations:

Gerber Life Insurance Company
c/o AB Global - 37th Floor
1345 Avenue of the Americas
New York, NY 10105
Attention: Mei Wong / Mike Maher / Cosmo Valente
Telephone: 212/969-2112 / 212-823-2873 / 212-969-6384
Fax: 212-969-6298

Address for all other communications :

AB Global
1345 Avenue of the Americas-38th Floor
New York, NY 10105
Attention: Amy Judd
Phone: 212-969-1145
Fax: 212-969-6089

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
The Guardian Life Insurance Company of America 7 Hanover Square New York, NY 10004-2616 Attn: Thomas Donohue Investment Department 9-A FAX # (212) 919-2658 Email address: Thomas_donohue@glic.com	$16,000,000	$9,000,000

Notes to be registered in the name of:

The Guardian Life Insurance Company of America
TAX ID NO. 13-5123390

And deliver to:

JP Morgan Chase Bank, N.A.
4 Chase Metrotech Center – 3 rd Floor
Brooklyn, NY 11245-0001
Reference A/C #G05978, Guardian Life

Payment by wire to:

JP Morgan Chase
FED ABA #021000021
Chase/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C #G05978, Guardian Life, CUSIP # 82011@ AC7, Sharyland Distribution and Transmission Services, LLC (as to Series A Notes)
Reference A/C #G05978, Guardian Life, CUSIP # 82011@ AD5, Sharyland Distribution and Transmission Services, LLC (as to Series B Notes)

Address for all communications and notices:

The Guardian Life Insurance Company of America
7 Hanover Square
New York, NY 10004-2616
Attn: Thomas Donohue
Investment Department 9-A
FAX # (212) 919-2658
Email address: Thomas_donohue@glic.com

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES AN OTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES BN OTES TO BE PURCHASED
THE LINCOLN NATIONAL LIFE INSURANCE COMPANY c/o Delaware Investment Advisers 2005 Market Street, Mail Stop 41-104 Philadelphia, PA 19103	$15,000,000	$ 0

REGISTER SECURITIES IN THE NAME OF: THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

(Note: a separate security will be needed for each breakdown listed below)

SECURITY: Sharyland Distribution & Transmission Svcs 3.86% Series A Sec Nt due 12/3/25

NOTE AMOUNT	*LINCOLN ACCOUNT NAME*	*BANK CUSTODY ACCT #*
15,000,000	The Lincoln National Life Insurance Company – Seg 76	215736

TAX ID for THE LINCOLN NATIONAL LIFE INSURANCE COMPANY: 35-0472300

SIGNATURE BLOCK: THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
By: Delaware Investment Advisers,
a series of Delaware Management Business Trust, Attorney in Fact

PRINCIPAL & INTEREST PAYMENTS:

The Bank of New York Mellon
(via Fed Wire) One Wall Street, New York, NY 10286
ABA #: 021000018
BENEFICIARY/Account #: GLA 111566
Acct Name: The Bank of New York Mellon Private Placement Income Collection
Bank to Bank Information Ref: insert Custody Account# listed above;
PPN #/Sec Desc/ P&I Details
Reference Registered Holder: The Lincoln National Life Insurance Company

INVESTMENT ADVISER ADDRESS —ALL COMMUNICATIONS:	TREASURY OPERATIONS —NOTICE OF PAYMENT ONLY:	BANK ADDRESS —NOTICE OF PAYMENT ONLY:
Delaware Investment Advisers 2005 Market Street, Mail Stop 41-104 Philadelphia, PA 19103 Attn: Fixed Income Private Placements Private Placement Fax: 215-255-1654	Lincoln Financial Group 1300 South Clinton St. Fort Wayne, IN 46802 Attn: Inv Acctg–Treasury Operations Email: securities_data_rese@lfg.com	The Bank of New York Mellon P. O. Box 392003 Pittsburgh, PA 15251-9003 Attn: Private Placement P & I Dept Ref: Registered Holder/Sec Desc/PPN# Email: ppservicing@bnymellon.com

FORWARD SECURITIES TO:
(*via Express Delivery*)

The Depository Trust Company
570 Washington Blvd – 5 th Floor
Jersey City, New Jersey 07310
ATTENTION: BNY MELLON/BRANCH DEPOSIT DEPARTMENT
(in cover letter reference note amt, acct name, and bank custody account #)

Please fax copy of cover letter to:

Karen Costa – The Bank of New York Mellon
Fax #: 1-844-601-7769
with a copy to: *christopher.tucker@lfg.com*

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
THE LINCOLN NATIONAL LIFE INSURANCE COMPANY c/o Delaware Investment Advisers 2005 Market Street, Mail Stop 41-104 Philadelphia, PA 19103	$ 0	$5,000,000 $2,000,000

REGISTER SECURITIES IN THE NAME OF: THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

(Note: a separate security will be needed for each breakdown listed below)

SECURITY: Sharyland Distribution & Transmission Svcs 3.86% Series B Sec Nt due 1/14/26

NOTE AMOUNT	*LINCOLN ACCOUNT NAME*	*BANK CUSTODY ACCT #*
5,000,000	The Lincoln National Life Insurance Company – Seg 71	215734
2,000,000	The Lincoln National Life Insurance Company – Seg 201	186228

TAX ID for THE LINCOLN NATIONAL LIFE INSURANCE COMPANY: 35-0472300

SIGNATURE BLOCK: THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
By: Delaware Investment Advisers,
a series of Delaware Management Business Trust, Attorney in Fact

PRINCIPAL & INTEREST PAYMENTS:

(via Fed Wire)
The Bank of New York Mellon
One Wall Street, New York, NY 10286
ABA #: 021000018
BENEFICIARY/Account #: GLA 111566
Acct Name: The Bank of New York Mellon Private Placement Income Collection
Bank to Bank Information Ref: insert Custody Account# listed above;
PPN #/Sec Desc/ P&I Details
Reference Registered Holder: The Lincoln National Life Insurance Company

INVESTMENT ADVISER ADDRESS —ALL COMMUNICATIONS:	TREASURY OPERATIONS —NOTICE OF PAYMENT ONLY:	BANK ADDRESS —NOTICE OF PAYMENT ONLY:
Delaware Investment Advisers 2005 Market Street, Mail Stop 41-104 Philadelphia, PA 19103 Attn: Fixed Income Private Placements Private Placement Fax: 215-255-1654	Lincoln Financial Group 1300 South Clinton St. Fort Wayne, IN 46802 Attn: Inv Acctg–Treasury Operations Email: securities_data_rese@lfg.com	The Bank of New York Mellon P. O. Box 392003 Pittsburgh, PA 15251-9003 Attn: Private Placement P & I Dept Ref: Registered Holder/Sec Desc/PPN# Email: ppservicing@bnymellon.com

FORWARD SECURITIES TO:
(via Express Delivery)

The Depository Trust Company
570 Washington Blvd – 5 th Floor
Jersey City, New Jersey 07310
ATTENTION: BNY MELLON/BRANCH DEPOSIT DEPARTMENT
(in cover letter reference note amt, acct name, and bank custody account #)

Please fax copy of cover letter to:

Karen Costa – The Bank of New York Mellon
Fax #: 1-844-601-7769
with a copy to: *christopher.tucker@lfg.com*

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
USAA LIFE INSURANCE COMPANY 9800 Fredericksburg Road San Antonio, TX 78288	$9,000,000	$ 0

(Notes to be registered in the name of: **ELL & CO.**)

(1) All payments on account of Notes held by such purchaser shall bemade by wire transfer of immediately available funds for credit to:

Northern Chgo/Trust
ABA#071000152
Credit Wire Account # 5186061000
26-11042/ Life Company

With sufficient information to identify the source and application of such funds, including the issuer name, the PPN of the issue, interest rate, payment due date, maturity date, interest amount, principal and premium amount.

(2) Address for notices relating to payments:

Ell & Co
c/o Northern Trust Company
PO Box 92395
Chicago, IL 60675-92395
Attn: Income Collections
Please include the cusip and shares/par for the dividend/interest payment

(3) Address for all other communications:

John Spear
VP Insurance Portfolios
9800 Fredericksburg Road
San Antonio, TX 78288
(210) 498-8661
Email: privates@usaa.com

(4) Physical Delivery of Notes:

Depository Trust & Clearing Corporation
Newport Office Center
570 Washington Blvd.
5 th Floor
Jersey City, NJ 07310
Attn: Tanya Stackhouse-Bowen or Robert Mendez
Reference: Northern Trust Account # 26-11042/ Life Company
212-855-2484

(5) Tax Identification Number: 74-1472662

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
USAA LIFE INSURANCE COMPANY OF NEW YORK 9800 Fredericksburg Road San Antonio, TX 78288	$1,000,000	$ 0

(Notes to be registered in the name of: **ELL & CO.**)

(1) All payments on account of Notes held by such purchaser shall bemade by wire transfer of immediately available funds for credit to:

Northern Chgo/Trust
ABA#071000152
Credit Wire Account # 5186061000
26-11044/ Life NY Company

With sufficient information to identify the source and application of such funds, including the issuer name, the PPN of the issue, interest rate, payment due date, maturity date, interest amount, principal and premium amount.

(2) Address for notices relating to payments:

Ell & Co
c/o Northern Trust Company
PO Box 92395
Chicago, IL 60675-92395
Attn: Income Collections
Please include the cusip and shares/par for the dividend/interest payment

(3) Address for all other communications:

John Spear
VP Insurance Portfolios
9800 Fredericksburg Road
San Antonio, TX 78288
(210) 498-8661
Email: privates@usaa.com

(4) Physical Delivery of Notes:

Depository Trust & Clearing Corporation
Newport Office Center
570 Washington Blvd.
5 th Floor
Jersey City, NJ 07310
Attn: Tanya Stackhouse-Bowen or Robert Mendez
Reference: Northern Trust Account # 26-11044/ Life NY Company
212-855-2484

(5) Tax Identification Number: 16-1530706

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
USAA Casualty Insurance Company 9800 Fredericksburg Road San Antonio, TX 78288	$4,000,000	$ 0

(Notes to be registered in the name of: **ELL & CO.**)

(1) All payments on account of Notes held by such purchaser shall bemade by wire transfer of immediately available funds for credit to:

Northern Chgo/Trust
ABA#071000152
Credit Wire Account # 5186061000
26-11038/CIC

With sufficient information to identify the source and application of such funds, including the issuer name, the PPN of the issue, interest rate, payment due date, maturity date, interest amount, principal and premium amount.

(2) Address for notices relating to payments:

Ell & Co
c/o Northern Trust Company
PO Box 92395
Chicago, IL 60675-92395
Attn: Income Collections
Please include the cusip and shares/par for the dividend/interest payment

(3) Address for all other communications:

Donna Baggerly
VP Insurance Portfolios
9800 Fredericksburg Road
San Antonio, TX 78288
(210) 498-5195
Email: privates@usaa.com

(4) Physical Delivery of Notes:

Depository Trust & Clearing Corporation
Newport Office Center
570 Washington Blvd.
5 th Floor
Jersey City, NJ 07310
Attn: Tanya Stackhouse-Bowen or Robert Mendez
Reference: Northern Trust Account # 26-11038/CIC
212-855-2484

(5) Tax Identification Number: 59-3019540

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
USAA General Indemnity Company 9800 Fredericksburg Road San Antonio, TX 78288	$3,000,000	$ 0

(Notes to be registered in the name of: **ELL & CO.**)

(1) All payments on account of Notes held by such purchaser shall bemade by wire transfer of immediately available funds for credit to:

Northern Chgo/Trust
ABA#071000152
Credit Wire Account # 5186061000
26-11039/GIC

With sufficient information to identify the source and application of such funds, including the issuer name, the PPN of the issue, interest rate, payment due date, maturity date, interest amount, principal and premium amount.

(2) Address for notices relating to payments:

Ell & Co
c/o Northern Trust Company
PO Box 92395
Chicago, IL 60675-92395
Attn: Income Collections
Please include the cusip and shares/par for the dividend/interest payment

(3) Address for all other communications:

Donna Baggerly
VP Insurance Portfolios
9800 Fredericksburg Road
San Antonio, TX 78288
(210) 498-5195
Email: privates@usaa.com

(4) Physical Delivery of Notes:

Depository Trust & Clearing Corporation
Newport Office Center
570 Washington Blvd.
5 th Floor
Jersey City, NJ 07310
Attn: Tanya Stackhouse-Bowen or Robert Mendez
Reference: Northern Trust Account # 26-11039/GIC
212-855-2484

(5) Tax Identification Number: 74-1718283

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
DEARBORN NATIONAL LIFE INSURANCE COMPANY c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$2,000,000	$ 0

The Notes being purchased for Dearborn National Life Insurance Company should be registered in the name of "ELL & Co.". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Dearborn National Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
DEARBORN NATIONAL LIFE INSURANCE COMPANY c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$2,000,000	$ 0

The Notes being purchased for Dearborn National Life Insurance Company should be registered in the name of "ELL & Co.". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Dearborn National Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
DEARBORN NATIONAL LIFE INSURANCE COMPANY c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$2,000,000	$ 0

The Notes being purchased for Dearborn National Life Insurance Company should be registered in the name of "ELL & Co.". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Dearborn National Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
AMERICAN REPUBLIC INSURANCE COMPANY c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$1,325,000	$ 0

The Notes being purchased for American Republic Insurance Company should be registered in the name of "Wells Fargo Bank N.A. FBO American Republic Insurance Company". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

American Republic Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
CATHOLIC FINANCIAL LIFE c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$1,000,000	$ 0

The Notes being purchased for Catholic Financial Life should be registered in the name of "US Bank FBO Catholic Financial Life". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Catholic Financial Life
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
CATHOLIC UNITED FINANCIAL c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$350,000	$ 0

The Notes being purchased for Catholic United Financial should be registered in the name of "Wells Fargo Bank N.A. FBO Catholic United Financial". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Catholic United Financial
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
ROYAL NEIGHBORS OF AMERICA c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$1,000,000	$1,000,000

The Notes being purchased for Royal Neighbors of America should be registered in the name of "ELL & Co.". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Royal Neighbors of America
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
POLISH NATIONAL ALLIANCE OF THE U.S. OF N.A. c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 Attn: Client Administrator privateplacements@advantuscapital.com	$325,000	$1,000,000

The Notes being purchased for Polish National Alliance of the U.S. of N.A. should be registered in the name of "Hare & Co., LLC". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Polish National Alliance of the U.S. of N.A.
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

Name and Address of Purchaser	Principal Amount of Series A Notes to be Purchased	Principal Amount of Series B Notes to be Purchased
Minnesota Life Insurance Company c/o Advantus Capital Management, Inc. 400 Robert Street North St. Paul, MN 55101 privateplacements@advantuscapital.com	$ 0	$3,000,000

The Notes being purchased for Minnesota Life Insurance Company should be registered in the name of "Minnesota Life Insurance Company". The Notes should be delivered in accordance with instructions furnished to lender counsel, Chapman and Cutler LLP.

All notices and statements should be sent electronically via Email to: privateplacements@advantuscapital.com. If Email is unavailable or if the Email is returned for any reason (including receipt of a message that the Email is undeliverable), such notice and statements should be sent to the following address:

Minnesota Life Insurance Company
c/o Advantus Capital Management, Inc.
400 Robert Street North
St. Paul, Minnesota 55101
Attn: Client Administrator

All payments on account of the Notes shall be made by wire transfer of immediately available funds pursuant to instructions to be delivered to the Company by Lender Counsel prior to Closing.

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
TRANSAMERICA PREMIER LIFE INSURANCE COMPANY 4333 Edgewood Road N.E. Cedar Rapids, IA 52499-5335	$12,000,000	$ 0

Tax ID #52-0419790

ORIGINAL NOTE

A) A signed copy of the Note MUST be sent to Custody Operations-Privates for verification via fax 888-652-8024 or email INVCustodyTeam@AEGONUSA.com

B) Once the note has been verified, the Custody Bank Instructions will then be relayed to you via fax or email, which will contain the Custody Vault address where the original certificate needs to be sent.

PAYMENTS

A) Wire of payment due

All payments on account of the TRANSAMERICA PREMIER LIFE INSURANCE COMPANY shall be made by wire transfer to:

Bank of New York
1 Wall Street
New York, NY 10286
ABA #021000018
GLA111-566
FFC ACCT# : TPLIC LPG0 26 5 – 1578378400
REFERENCE: CUSIP/PPN, PRINCIPAL & INTEREST ALLOCATION

B) Payment notice

All notices/confirmation of PAYMENT information should INCLUDE CUSIP/PPN in the Subject line and be sent to:

Email: paymentnotifications@aegonusa.com
AEGON USA Investment Management, LLC
Attn: Custody Operations-Privates MS 5335
4333 Edgewood Road NE
Cedar Rapids, IA 52499-5335

FINANCIALS, LEGAL, PRE-PAYMENT AND OTHER NOTIFICATIONS

A) Routine correspondence and reporting:

AEGON USA Investment Management, LLC
Attn: Director of Private Placements MS 5335
4333 Edgewood Road N.E.
Cedar Rapids, IA 52499-5335
T (319) 355-2432 | F (319) 355-2666
privateplacements@aegonusa.com

AEGON USA Investment Management, LLC
Attn: Director of Private Placements, MS 3341
100 Light Street, B1
Baltimore, MD 21202-2559
T (443) 475-3130 F (443) 475-3095
privateplacements@aegonusa.com

B) Legal / Closing Documents:

AEGON USA Investment Management, LLC
Attn: Director of Private Placements MS 5335
4333 Edgewood Road N.E.
Cedar Rapids, IA 52499-5335
T (319) 355-2432 | F (319) 355-2666
privateplacements@aegonusa.com

AEGON USA Investment Management, LLC
Attn: Director of Private Placements, MS 3341
100 Light Street, B1
Baltimore, MD 21202-2559
T (443) 475-3130 F (443) 475-3095
privateplacements@aegonusa.com

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY 3001 Summer Street, 4th Floor Stamford, CT 06905 Attn: Private Placements GNW.privateplacements@genworth.com	$5,000,000 $4,000,000	$ 0

Name of Purchaser: **Genworth Life and Annuity Insurance Company**
Tax ID Number: 54-0283385
Register In Nominee Name: HARE & CO., LLC

Notices:

All notices and communications including original note agreement, conformed copy of the note agreement, amendment requests, financial statements and other general information to be addressed as follows:

Genworth Financial, Inc.
Account: Genworth Life and Annuity Insurance Company
3001 Summer Street, 4th Floor
Stamford, CT 06905
Attn: Private Placements
Telephone No: (203)708-3300
Fax No: (203)708-3308
If available, an electronic copy is additionally requested. Please send to the following e-mail address :
GNW.privateplacements@genworth.com

All **corporate actions, including payments and prepayments,** should be sent to the above address with copies to:

Genworth Financial, Inc.
Account: Genworth Life and Annuity Insurance Company
3001 Summer Street
Stamford, CT 06905
Attn: Trade Operations
Telephone No: (203)708-3300
Fax No: (203)708-3308
If available, an electronic copy is additionally requested. Please send to the following e-mail address : GNWInvestmentsOperations@genworth.com

Notices with respect to payments and written confirmation of each such payment, including interest payments, redemptions, premiums, make wholes, and fees should also be **addressed as above with additional copies addressed to the following:**

The Depository Trust Co
Income Collection Department
P.O. Box 19266
Newark, NJ 07195
Attn: Income Collection Department
Ref: GLAIC LADAFIA Account 148820 CUSIP/PPN & Security Description
P&I Contact: Purisima Teylan - (718) 315-3035

Payments:

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

The Depository Trust Co
ABA #: 021000018
Account #: GLA111566
SWIFT Code: IRVTUS3N
Acct Name: Income Collection Dept.
Attn: Income Collection Department
Reference: GLAIC / LADAFIA
Account #: 148820
CUSIP/PPN & Security Description, and Identify Principal & Interest Amounts
And By Email: treasppbkoffice@genworth.com
Fax: (804) 662-7777

Physical Delivery of the Notes:

The Depository Trust Co
570 Washington Blvd
BNY Mellon /Branch Deposit Dept 5th FLR
Jersey City, NJ 07310
Ref: GLAIC / LADAFIA Account # 148820

DTC Securities:

DTC #: 901
Agent ID #: 26500
Institutional ID #: 26662
Account Name: GLAIC / LADAFIA
Account #: 148820

A DDITIONAL C OVENANTS AND R ELATED D EFINITIONS

Section 10.12. Limitation on Priority Indebtedness. The Company will not at any time permit Priority Indebtedness to exceed 15% of the Company's capitalization, as shown on the Company's balance sheet most recently delivered pursuant to **Section 7.1(a)** or **Section 7.1(b)** .

"Priority Indebtedness" means the sum, without duplication, of (a) Indebtedness of the Company or any Subsidiary (other than a Project Finance Subsidiary) secured by Liens other than Permitted Liens, *plus* (b) all unsecured Indebtedness of Subsidiaries (excluding (i) Indebtedness of any Subsidiary owing to the Company or any other Subsidiary, (ii) Indebtedness of any Subsidiary Guarantor, (iii) Indebtedness of any Project Finance Subsidiary, (iv) any Guaranty by a Subsidiary of Indebtedness of the Company or any Subsidiary of the type described in clause (a) of this definition, and (v) Indebtedness of a Subsidiary existing at the time of acquisition of such Subsidiary and not created in contemplation thereof, and renewals and refinancings thereof so long as the principal amount thereof shall not be increased).

S CHEDULE C
(to Note Purchase Agreement)

Exhibit 10.2

AMENDED AND RESTATED CREDIT AGREEMENT

among

SHARYLAND PROJECTS L.L.C.
(predecessor in interest to Sharyland Distribution & Transmission Services, L.L.C.)

as Borrower,
and

Fixed Rate Note Holders party hereto

Dated as of December 3, 2015

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (this " Agreement "), dated as of December 3, 2015, by and among Borrower (as hereinafter defined) and the Fixed Rate Note Holders (as hereinafter defined).

WHEREAS, Sharyland Projects, L.L.C., a Texas limited liability company (" Sharyland Projects "), the several banks and other financial institutions or entities from time to time party thereto as "Lenders", Société Générale, as administrative agent and collateral agent, Royal Bank of Canada and The Royal Bank of Scotland PLC, as co-syndication agents, The Royal Bank of Scotland PLC, as Issuing Bank (in such capacity ,the " Issuing Bank "), The Bank of Nova Scotia, Mizuho Corporate Bank Ltd. and Sumitomo Mitsui Banking Corporation, as co-documentation agents, the Fixed Rate Note Holders and Prudential Investment Management, Inc. as structuring and documentation advisor entered into that certain Credit Agreement, dated as of June 20, 2011 (as amended by Amendment No. 1 and Omnibus Amendment, dated as of October 11 2011, Amendment No. 2, dated as of October 1, 2013, Amendment No. 3, dated as of May 29, 2014 and Amendment 4, dated as of December 11, 2014, the " Original Credit Agreement ");

WHEREAS, immediately prior to the effectiveness of this Agreement, Sharyland Projects paid in full all outstanding Obligations (as defined in the Original Credit Agreement) owed to the Lenders, the Issuing Bank and the Agents (as defined in the Original Credit Agreement), including but not limited to all outstanding principal and accrued but unpaid interest on the Loans and Letters of Credit and the unpaid interest on the Fixed Rate Notes, and any outstanding Commitments (as defined in the Original Credit Agreement), together with all liens and security interests granted by Sharyland Projects to secure the Obligations, were terminated and released;

WHEREAS, substantially concurrently with, but immediately after, the effectiveness of this Agreement, Sharyland Projects will merge into Sharyland Distribution & Transmission Services, L.L.C. (" SDTS ") with SDTS as the surviving entity of such merger (the " Merger "), and, immediately upon the effectiveness of the Merger, SDTS automatically shall be the Borrower under this Agreement; and

WHEREAS, the parties hereto, being the only remaining parties to the Original Credit Agreement, desire to amend and restate the Original Credit Agreement in its entirety;

NOW THEREFORE, for good and valuable consideration, the parties hereto hereby agree as follows:

ARTICLE 1.

DEFINITIONS

1.1. Definitions . Except as otherwise expressly provided, capitalized terms used in this Agreement (including in the preamble hereto) and its exhibits shall have the meanings given in this Section 1.1.

" 2009 NPA " means the Amended and Restated Note Purchase Agreement, dated September 14, 2010, among the Borrower and the holders of the 2029 Notes.

" 2010 NPA " means the Note Purchase Agreement, dated July 13, 2010, among the Borrower and the holders of the 2030 Notes.

" 2029 Notes " means the Borrower's 7.25% Senior Notes due December 30, 2029, issued under the 2009 SDTS Note Agreement.

" 2030 Notes " means the Borrower's 6.47% Senior Notes due September 30, 2030, issued under the 2010 SDTS Note Agreement.

" Additional Financial Covenants " shall have the meaning given to it in Section 7.19 hereof.

" Affiliate " means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person and, with respect to the Borrower, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interest of the Borrower or any corporation of which the Borrower beneficially owns or holds, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests; provided, however, that this definition shall at all times exclude owners or investors in the Operating Partnership, except for Hunt Family Members. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Borrower.

" Affiliated Fixed Rate Note Holder " shall mean a Fixed Rate Note Holder that is the Borrower or an Affiliate of the Borrower.

" Agreement " has the meaning given to such term in the preamble hereto.

" Approved Accountant " has the meaning given to such term in Section 6.1(b).

" Asset Sale " has the meaning given such term in Section 7.10 .

" Benefited Fixed Rate Note Holder " has the meaning given to such term in Section 10.8(a).

" Blocked Person " means (i) an OFAC Listed Person, (ii) an agent, department, or instrumentality of, or a Person otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) a Person otherwise blocked, subject to sanctions under or engaged in any activity in violation of U.S. Economic Sanctions.

" Board " means the Board of Governors of the Federal Reserve System of the United States (or any successor).

" Borrower " means, prior to the effectiveness of the Merger, Sharyland Projects and, upon and after the effectiveness of the Merger, SDTS, as successor by merger to Sharyland Projects.

" Business Day " means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

" Capital Lease " means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

" Capital Stock " of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participation, patronage capital or other equivalents of or interest in (however designated) equity of such Person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest.

" Cash Flow " means, for any period, the sum of the following (without duplication): (i) all cash paid to the Borrower during such period under the Leases, (ii) all cash distributions received by the Borrower from Project Finance Subsidiaries of the Borrower during such period, (iii) all interest and investment earnings, if any, paid to the Borrower during such period on amounts on deposit in the amount created under the Deposit Agreement, (iv) revenues, if any, received by or on behalf of the Borrower during such period under any insurance policy as business interruption insurance proceeds, (v) direct cash equity investments made by TDC in the Borrower during such period (excluding equity contributed to a Project Finance Subsidiary) in an amount not greater than the amount necessary to cause the Borrower to be in compliance with the financial covenants set forth in Section 6.11 (each such investment, an "Equity Cure"); provided, however, that during any period of four consecutive fiscal quarters, "Cash Flow" shall include an Equity Cure in no more than two of such quarters and (vi) proceeds of any borrowing made after the date hereof to the extent used to finance the payment of bullet or balloon installments of Indebtedness for borrowed money.

" Cash Flow Available for Debt Service " for any period, means (i) Cash Flow received during such period minus (ii) (A) all O&M Costs paid during such period and (B) if an Equity Cure has been made in any fiscal quarter during the period for which Cash Flow Available for Debt Service is calculated, the lesser of the aggregate amount of (x) such Equity Cure during such period and (y) the aggregate amount of cash distributions paid by the Borrower during such period.

" CCN " means a Certificate of Convenience and Necessity or amendment thereto issued by the PUCT in respect of the Project.

" CISADA " means the Comprehensive Iran Sanctions, Accountability and Divestment Act.

" Code " means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

" Consent " means the Consent and Agreement of Fixed Rate Note Holders dated as of the date hereof by and among the Fixed Rate Note Holders and Sharyland Projects, L.L.C.

" Collateral " means, collectively, the collateral described in each of the Security Documents.

" Collateral Agency Agreement " means the Second Amended and Restated Collateral Agency Agreement, dated as of December 10, 2014, among the Collateral Agent, the Borrower, the Fixed Rate Note Holders (pursuant to the Joinder to the Collateral Agency Agreement) and the holders of other Permitted Secured Indebtedness from time to time party thereto.

" Collateral Agent " means The Bank of New York Mellon Trust Company, N.A., a national association, acting in its capacity as collateral agent for itself and the other Secured Parties, or its successors in such capacity appointed pursuant to the terms of the Collateral Agency Agreement.

" Consolidated Net Plant " means, with respect to any Person, as of the date of determination, the net plant set forth on the face of the consolidated balance sheet of such Person or absent such amount on the consolidated balance sheet, the total plant of such Person on a consolidated basis minus accumulated depreciation set forth in the footnotes of the consolidated financial statements, in each case for the fiscal quarter ended on the date of the last financial statements delivered pursuant to Section 6.1 .

" Consolidated Qualified Lessee " shall mean any Qualified Lessee that is consolidated into the financial statements of another Qualified Lessee.

" Contractual Obligation " shall mean as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

" Control " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

" Controlled Entity " means (i) any of the Subsidiaries of the Borrower and any of their or the Borrower's respective Controlled Affiliates and (ii) if the Borrower has a parent company, such parent company and its Controlled Affiliates.

" CREZ Lease " means the Second Amended and Restated Lease Agreement (CREZ Assets), between the Borrower, as lessor, and SU, as lessee, with respect to the CREZ Project.

" CREZ Project " shall mean the five transmission lines, four substations and other facilities in Texas identified and awarded to SU by the Public Utility Commission of Texas (the "PUCT") in Docket Number 37902.

" Cross Valley Project " means the approximately 49 mile transmission line in South Texas near the Mexican border, known as the "North Edinburg to Loma Alta 345 kV single-circuit transmission line" project, subsequently, renamed as the "North Edinburg to Palmito 345 kV double-circuit transmission line" project, which is built on double-circuit capable structures and the Palmito substation located on the eastern terminus of the Cross Valley Project. The Cross Valley Project is part of a 100 mile transmission line, which is jointly developed and permitted by SU and Electric Transmission Texas.

" Cross Valley Project Transfer " shall mean the sale and Transfer of all of the Capital Stock of CV Project Entity, L.L.C., a Project Finance Subsidiary of the Borrower, to Cross Valley Partnership, L.P., a Person Controlled by one or more Hunt Family Members, for a purchase price at least equal to the Cross Valley Project's rate base cost at such time.

" Debt Service " for any period, the aggregate (without duplication) of (i) all amounts of interest on the Fixed Rate Notes and in respect of other Indebtedness of the Borrower required to be paid during such period, plus (ii) all amounts of principal on the Fixed Rate Notes and in respect of other Indebtedness of the Borrower or required to be paid during such period, excluding any optional prepayments of principal during such period, plus (iii) all other premiums, fees, costs, charges, expenses and indemnities due and payable to the Fixed Rate Note Holders or the other Secured Parties and holders of other Indebtedness of the Borrower and agents acting on their behalf during such period.

" Debt Service Coverage Ratio " means, for each period of four consecutive fiscal quarters, the quotient of (i) Cash Flow Available for Debt Service for such period to (ii) Debt Service for such period. If, during any period, the Borrower and/or any Subsidiary enters into a transaction or series of related transactions not prohibited by this Agreement (including by waiver, consent or amendment given or made in accordance with Section 10.1) pursuant to which the Borrower and/or any Subsidiary acquires or disposes of any assets with a fair market value greater than $1,000,000, the Debt Service Coverage Ratio shall be calculated on a pro forma basis after giving effect to such transaction or series of related transactions as a whole (including any related incurrence, repayment or assumption of Indebtedness), and such transaction or series of related transactions (including any related incurrence, repayment or assumption of Indebtedness) shall be deemed to have occurred as of the first day of the applicable period.

" Deeds of Trust " means (i) the Amended and Restated First Lien Deed of Trust, Security Agreement and Fixture Filing (Texas) and each First Lien Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (Texas) by and from the Borrower, as grantor, to Peter M. Oxman, as trustee, for the benefit of the Collateral Agent and the other Secured Parties, dated as of July 13, 2010, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time and (ii) each other deed of trust by and from the Borrower, as grantor, for the benefit of the Collateral Agent and the other Secured Parties entered into from time to time.

" Default " means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

" Default Rate " has the meaning given to such term in Section 2.7(b).

" Deposit Agreement " means the Amended and Restated Deposit Account Control Agreement, dated as of December 20, 2014, among the Borrower, the Collateral Agent and Bank of America, N.A.

" Development Agreement **"** means that certain Development Agreement entered into or to be entered into among Hunt Transmission Services, L.L.C., SU, the General Partner and/or the Operating Partnership in connection with one or more New Projects, pursuant to which Hunt Transmission Services, L.L.C. has granted the General Partner a right of first offer related to the New Projects identified therein, as amended from time to time in accordance with its terms.

" Distributions " means any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Capital Stock or on account of any return of capital to such Person's stockholders, partners or members (or the equivalent Person thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment.

" Dollars " and " $ " means United States dollars or such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts in the United States of America.

" Environmental Claim " means any and all actions, suits, demands, demand letters, claims, Liens, notices of non-compliance or violation, notices of liability or potential liability, investigations, or proceedings, under or relating to any Environmental Law, or regarding the investigation or remediation or release of, or human exposure to, any Materials of Environmental Concern.

" Environmental Laws " means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

" ERCOT " means the Electric Reliability Council of Texas or any other succeeding entity thereof.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" ERISA Affiliate " means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414 of the Code.

" Event of Default " is defined in Section 8.1 .

" FERC " means the Federal Energy Regulatory Commission, or its successor.

" FERC Lease " means the Third Amended and Restated Lease Agreement (Stanton Transmission Loop Assets) between the Borrower, as lessor, and SU, as lessee.

" Financing Documents " means this Agreement, each Fixed Rate Note, the 2009 NPA, the 2029 Notes, the 2010 NPA, the 2030 Notes, the RBC Agreement, the Security Documents, any other documents, agreements or instruments entered into in connection with any of the foregoing and any other documents, agreements or instruments from time to time constituting "Financing Agreements" under the Collateral Agency Agreement.

" Fixed Rate Note " means either an Initial Fixed Rate Note or a Replacement Fixed Rate Note, as applicable.

" Fixed Rate Note Holder " means a financial institution or other Person that holds a Fixed Rate Note pursuant to this Agreement.

" Fixed Rate Note Maturity Date " means June 20, 2018.

" FPA " means the Federal Power Act, 16 U.S.C. §§791 et seq., as amended, and the regulations of the FERC thereunder.

" GAAP " means generally accepted accounting principles as in effect in the United States of America. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, ratios, standards or terms in this Agreement, then the Borrower and the Fixed Rate Note Holders agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the financial condition of the Borrower and SU shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower and the Fixed Rate Note Holders, all financial covenants, ratios, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

" General Partner " means InfraREIT, L.L.C., a Delaware limited liability company, and its successors.

" Golden Spread Project " shall mean a new 345 kilovolt transmission line that will be approximately 55 miles long and will connect the Golden Spread Electric Cooperative, Inc. Antelope-Elk Energy Center in Hale County, approximately 1.6 miles north of the City of Abernathy on County Road P, to the proposed White River Station that will be built by SU in Floyd County, approximately 9 miles northwest of the City of Floydada and 1.1 miles east of the intersection of County Road 231 and County Road 200 and the Abernathy substation that is located in the western portion of the transmission line.

" Golden Spread Project Transfer " shall mean the sale and Transfer of all of the Capital Stock of GS Project Entity to a Person Controlled by one or more Hunt Family Members for a purchase price at least equal to the Golden Spread Project's rate base cost at such time.

" Governmental Authority " means:

(a) the government of:

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Borrower conducts all or any part of its business, or which asserts jurisdiction over any properties of the Borrower, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government, or

(c) ERCOT, or

(d) the Texas Regional Entity.

" GS Project Entity " means a Project Finance Subsidiary of the Borrower created to finance and develop the Golden Spread Project.

" Guaranty " means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Indebtedness or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness of the ability of any other Person to make payment of the Indebtedness; or

(d) otherwise to assure the owner of such Indebtedness against loss in respect thereof.

The amount of any Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation (or, if less, the maximum amount for which such Guaranty is made) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. In

any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

" Hazardous Material " means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

" Hunt Family Members " means (i) Ray L. Hunt; (ii) the spouse of Ray L. Hunt and each of his children and siblings; (iii) the spouse and lineal descendants of any Person identified in the foregoing clause (ii); (iv) any trust or account primarily for the benefit of any Person or Persons identified in the foregoing clauses (i), (ii) or (iii); (v) any corporation, partnership or other entity in which any of the Persons identified in the foregoing clauses (i), (ii), (iii) or (iv) are the beneficial owners of substantially all of the shares of capital stock, membership interests, partnership interests or other equity interests and options or warrants to acquire, or securities convertible into, capital stock, membership interests, partnership interests or other equity securities of an entity; and (vi) the personal representative or guardian of any of the Persons identified in the foregoing clauses (i), (ii) and (iii) upon such Person's death for purposes of the administration of such Person's estate or upon such Person's disability or incompetency for purposes of the protection and management of the assets of such Person.

" Indebtedness " with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases; provided, however, that for purposes of this definition (including with respect to clauses (i) and (ii) hereof), the System Leases, any other Lease and any similar lease shall not be treated as a capital lease;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money); provided, however, that for purposes of this definition, any surety bonds or indemnification agreements entered into by SU (with respect to which the Borrower or a subsidiary thereof has a reimbursement or backstop obligation) in connection with condemnation proceedings shall be excluded;

(f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

" Indemnified Liabilities " has the meaning given such term in Section 10.5.

" Indemnitee " has the meaning given such term in Section 10.5.

" Initial Fixed Rate Notes " has the meaning given to such term in Section 2.1 (a).

" Interest Payment Date " means (a) the thirtieth (30 th) day of each March, June, September and December and the Fixed Note Maturity Date and (b) the date of any repayment or prepayment made in respect of the Fixed Rate Notes.

" Investment Grade Credit Rating " means with respect to any Person, a rating of the long-term unsecured debt securities of such Person (or if such rating is unavailable, issuer rating) equal to or higher than (1) "BBB-" (or the equivalent) with a stable or better outlook by Standard & Poor's Financial Services LLC, or (2) "Baa3" (or the equivalent) with a stable or better outlook by Moody's Corporation; provided, that if such Person has a rating from both Standard & Poor's Financing Services LLC and Moody's Corporation, then the applicable rating shall be deemed to be the lower of the two.

" Investments " has the meaning given to such term in Section 7.7 .

" Joinder to Collateral Agency Agreement " means the Joinder Agreement dated as of the date hereof, by and among the Collateral Agent, the Borrower, the Fixed Rate Note Holders, and the other Secured Parties, pursuant to which the Fixed Rate Note Holders joined the Collateral Agency Agreement as secured parties thereunder.

" Leased Consolidated Net Plant " shall mean that portion of the Consolidated Net Plant of the lessor of a Lease between such lessor and a Qualified Lessee that is the subject of such Lease.

" Leases " means (i) the System Leases and any other leases of transmission and distribution and related assets to a Qualified Lessee under which the Borrower or any Subsidiary of the Borrower is a party as a lessor and (ii) any lease of transmission and distribution and related assets pursuant to which SU is the lessee and a Subsidiary of SU or another Person Controlled by one or more Hunt Family Members is the lessor; provided, no such lease will qualify as a "Lease" hereunder if each of the three following criteria apply; (x) SU is the lessee, (y) cash rental payments have become due and payable pursuant thereto and (z) none of the Borrower, a Subsidiary of the Borrower or a Subsidiary of SU is the lessor.

" Lenders " has the meaning given to such term in the Recitals.

" Lien " means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person, in each case, in the nature of a security interest of any kind or nature whatsoever.

" Make-Whole Amount " means, with respect to any Fixed Rate Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Fixed Rate Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

A. " Called Principal " means, with respect to any Fixed Rate Note, the principal of such Fixed Rate Note that is to be prepaid pursuant to Section 2.5 or has become or is declared to be immediately due and payable pursuant to Section 8.2, as the context requires.

B. " Discounted Value " means, with respect to the Called Principal of any Fixed Rate Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Fixed Rate Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

C. " Reinvestment Yield " means, with respect to the Called Principal of any Fixed Rate Note, 0.50% greater than the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (" Reported ") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently

issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Fixed Rate Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then " Reinvestment Yield " means, with respect to the Called Principal of any Fixed Rate Note, the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Fixed Rate Note.

D. " Remaining Average Life " means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

E. " Remaining Scheduled Payments " means, with respect to the Called Principal of any Fixed Rate Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Fixed Rate Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

F. " Settlement Date " means, with respect to the Called Principal of any Fixed Rate Note, the date on which such Called Principal is to be prepaid pursuant to Section 2.5 or has become or is declared to be immediately due and payable pursuant to Section 8.2, as the context requires.

" Material Adverse Effect " means a material adverse effect upon and/or material adverse developments with respect to (a) the operations, business, assets, properties, liabilities or financial condition of the Borrower and its Subsidiaries (taken as a whole); (b) the ability of the Note Parties (taken as a whole) to perform their obligations under the Note Documents; (c) the legality, validity or enforceability of this Agreement or any other Note Document or the rights or remedies of the Collateral Agent or the Fixed Rate Note Holders hereunder or thereunder or (d) the validity, perfection or priority of the Collateral Agent's Liens on any material Collateral.

" Material Project Documents " means (i) any contract or agreement that is related to the ownership, operation, maintenance, management service, repair or use of the System entered into by the Borrower or any Subsidiary subsequent to December 10, 2014 that involves full payments or obligations of the Borrower or any Subsidiary in excess of $5,000,000 in any calendar year, and (ii) System Leases, but shall exclude any documents subject to Section 7.12 herein.

" Materials of Environmental Concern " means all pollutants, contaminants, wastes, chemicals, explosive or radioactive substances, petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas or electromagnetic fields, to the extent subject to regulation or which can give rise to liability under any Environmental Law.

" McAllen Lease " shall mean the Third Amended and Restated Master System Lease Agreement (McAllen System), between the Borrower, as lessor, and SU, as lessee.

" Merger " has the meaning given to such term in the Recitals.

" Moody's " means Moody's Investors Service, Inc.

" Multiemployer Plan " means a Plan that is a multiemployer plan (as defined in Section 4001(a)(3) of ERISA).

" New Project **"** shall mean any transmission or distribution project, including any such project acquired or built by a Project Finance Subsidiary, any "Footprint Project" (as defined in the Leases) that the Borrower or a Subsidiary of the Borrower funds pursuant to a Lease and any such project that the General Partner or a Subsidiary thereof acquires pursuant to the Development Agreement, including, for the avoidance of doubt, the Cross Valley Project and the Golden Spread Project.

" Non-Recourse Debt " means Indebtedness of a Project Finance Subsidiary or a Subsidiary of SU, as the case may be, that, if secured, is secured solely by a pledge of collateral owned by such Project Finance Subsidiary or such Subsidiary of SU, as the case may be, and the Capital Stock in such Project Finance Subsidiary or such Subsidiary of SU, as the case may be, and for which no Person other than such Project Finance Subsidiary or such Subsidiary of SU, as the case may be, is personally liable.

" Note Documents " means this Agreement, the Fixed Rate Notes, the Security Documents, the Subsidiary Guaranties and any amendment, waiver, supplement or other modification to any of the foregoing.

" Note Parties " means the Borrower and each Subsidiary that is a party to a Note Document, as applicable.

" O&M Costs " means actual cash management and operation costs of the Borrower, taxes payable by the Borrower, insurance premiums, consumables, fees and expenses of, and other amounts owing to, the Collateral Agent and the depositary under the Depositary Agreement, and other costs and expenses in connection with the management or operation of the Borrower, but exclusive in all cases of (a) non-cash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, (b) all other payments of Debt Service and Make-Whole Amounts, if any, (c) costs of repair or replacement paid with insurance proceeds and (d) development costs related to any Project Finance Subsidiary.

" Obligations " means the unpaid principal of and interest on (including interest accruing after the maturity of the Fixed Rate Notes and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Fixed Rate Notes and all other obligations and liabilities of the Borrower to any Fixed Rate Note Holder, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Note Document or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, Make Whole Amount, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to any Fixed Rate Note Holder that are required to be paid by the Borrower pursuant hereto) or otherwise (whether or not evidenced by any note or instrument and whether or not for the payment of money).

" OFAC " means the Office of Foreign Assets Control, United States Department of the Treasury.

" OFAC Listed Person " means a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC.

" OFAC Sanctions Program " shall mean any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

" Operating Partnership " means InfraREIT Partners, LP, a Delaware limited partnership.

" Original Credit Agreement " has the meaning given to such term in the Recitals.

" PBGC " means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

" Permit " means any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, right or license of or from a Governmental Authority, provided that interests or estates in real property, shall not be considered Permits.

" Permitted Investments " means any (a) marketable direct obligation of the United States of America, (b) marketable obligation directly and fully guaranteed as to interest and

principal by the United States of America, (c) demand deposit with Bank of America, N.A., or time deposit, certificate of deposit and banker's acceptance issued by any member bank of the Federal Reserve System which is organized under the laws of the United States of America or any state thereof or any United States branch of a foreign bank, in each case whose equity capital is in excess of $500,000,000 and whose long-term debt securities are rated "A" or better by S&P and "A2" or better by Moody's, (d) commercial paper or tax exempt obligations given the highest rating by Moody's and S&P, (e) obligations of a commercial bank described in clause (c) above, in respect of the repurchase of obligations of the type as described in clauses (a) and (b) hereof, provided that such repurchase obligation shall be fully secured by obligations of the type described in said clauses (a) and (b) and the possession of such obligation shall be transferred to, and segregated from other obligations owned by, any such bank, (f) instrument rated "AAA" by S&P and "Aaa" by Moody's issued by investment companies and having an original maturity of 180 days or less, (g) eurodollar certificates of deposit issued by any bank described in clause (c) above, and (h) marketable security rated not less than "A-1" by S&P or not less than "Prime-1" by Moody's. In no event shall Permitted Investments include any obligation, certificate of deposit, acceptance, commercial paper or instrument which by its terms matures (A) more than 180 days after the date of investment, unless a bank meeting the requirements of clause (c) above shall have agreed to repurchase such obligation, certificate of deposit, acceptance, commercial paper or instrument at its purchase price plus earned interest within no more than 90 days after its purchase thereunder or (B) after the next Payment Date.

" Permitted Lien " is defined in Section 7.5 .

" Permitted Secured Indebtedness " has the meaning given to it in the Collateral Agency Agreement.

" Person " means an individual, partnership, corporation, cooperative corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

" Plan " means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Borrower or any ERISA Affiliate or with respect to which the Borrower or any ERISA Affiliate may have any liability.

" Pledge Agreement " means the Amended and Restated Assignment of Membership Interests and Pledge Agreement, dated as of December 20, 2014, by TDC with respect to its membership interests in the Borrower, to the Collateral Agent.

" Preferred Stock **"** means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

" Project Finance Subsidiary " means a special purpose Subsidiary of a Person created to develop a New Project and to finance such New Project solely with Non-Recourse Debt and equity (including, for the avoidance of doubt, CV Project Entity, L.L.C.).

"property" or "properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

" PUCT " means Public Utility Commission of Texas.

" Qualified Lessee " means SU and/or any other utility that is (x) approved or authorized by the applicable public utility commission or similar regulatory authority to operate and/or lease the transmission and/or distribution assets of the Borrower or any Subsidiary and (y) a party to a then-effective lease agreement with the Borrower or a Subsidiary thereof pursuant to which such utility leases and operates such entity's transmission and/or distribution assets.

" Qualified Lessee Affiliate Loan " means loans made by the Operating Partnership or a Subsidiary thereof to Qualified Lessees from time to time in an aggregate principal amount not to exceed $10,000,000 at any time outstanding as long as the use of proceeds of such loans is limited to the acquisition or financing of equipment or other assets used in the Qualified Lessee's operation or lease of transmission or distribution assets from the Borrower or a Subsidiary thereof pursuant to a Lease.

" RBC " means Royal Bank of Canada, a Canadian banking institution.

" RBC Agreement" means that certain Third Amended and Restated Credit Agreement, dated as of December 10, 2014, among the Borrower, as borrower, the lenders from time to time party thereto and RBC, administrative agent, as the same may be amended, restated, supplemented and otherwise modified from time to time.

" Real Property Collateral " means any fee owned real property (other than easements and rights of way) with a fair market value in excess of $3,000,000.

" Regulation D " means Regulation D of the Board as in effect from time to time.

" Regulation U " means Regulation U of the Board as in effect from time to time.

" Replacement Fixed Rate Note " has the meaning given to such term in Section 2.1(b)

" Required Fixed Rate Note Holders " means at any time, and at all times excluding any portion of the Fixed Rate Notes held by Affiliated Fixed Rate Note Holders, the holders of more than 50% of the aggregate principal amount of the Fixed Rate Notes.

" Required Permit " means all governmental and third party licenses, permits, franchises, authorizations, patents, copyright, proprietary software, service marks, trademarks and trade names, or rights thereto, that are material to the ownership, leasing, operating and maintenance of the System.

" Requirements of Law " means as to any Person, the certificate of incorporation or formation and by-laws or partnership or operating agreement or other organizational or governing documents of such Person, and any local, state or Federal law, regulation, rule, ordinances or determination, interpretation or order of an arbitrator or a court or other

Governmental Authority, and any Required Permit, in each case applicable to or binding upon such Person or any of its properties or its business or to which such Person or any of its properties or its business is subject.

" Responsible Officer " means any Senior Financial Officer and any other officer of the Borrower with responsibility for the administration of the relevant portion of this Agreement.

" ROFO Transfer " shall mean the sale and Transfer to Persons Controlled by one or more Hunt Family Members of any assets located in the Texas Panhandle related to the CREZ Project that are categorized as ROFO Projects under the Development Agreement with an aggregate fair market value not to exceed $5,000,000.

" S&P " means Standard and Poor's Rating Services.

" SDTS " has the meaning given to such term in the Recitals.

" SEC " shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

" Secured Parties " means the Collateral Agent, the Fixed Rate Note Holders and the other "Secured Parties" (as defined in the Collateral Agency Agreement) from time to time.

" Securities Act " means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" Security Agreement " means the Amended and Restated Security Agreement, dated as of September 29, 2015, between SDTS and the Collateral Agent.

" Security Documents " means, to the extent such document has not been terminated, (i) the Collateral Agency Agreement, as joined by the Joinder to the Collateral Agency Agreement, the Security Agreement, the Deeds of Trust, the Pledge Agreement and the Deposit Agreement and (ii) other security documents entered into pursuant to Section 6.9 and any other security documents, financing statements and the like filed or recorded in connection with the foregoing.

" Senior Financial Officer " means the chief financial officer, principal accounting officer, treasurer or comptroller of the Borrower or a Qualified Lessee, as applicable.

" Sharyland Projects " has the meaning given to such term in the Recitals.

" Specified Qualified Lessee " shall mean SU and any Qualified Lessee (a) (i) without an Investment Grade Credit Rating or (ii) whose obligations under the applicable Leases are not guaranteed by an entity with an Investment Grade Rating and (b) whose business is limited to the leasing of transmission and/or distribution assets from the Borrower or any of its Subsidiaries or Affiliates.

" Stanton/Brady/Celeste Lease " shall mean the Second Amended and Restated Lease Agreement (Stanton/Brady/Celeste Assets), between the Borrower, as lessor, and SU, as lessee.

" SU " means Sharyland Utilities, L.P.

" Subsidiary " means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Borrower.

" Subsidiary Guaranty " means each Guaranty provided by the Subsidiary Guarantors pursuant to Section 6.9(d) , if any, substantially in the form of Exhibit B to the Agreement.

" Subsidiary Guarantor " means any Subsidiary of the Borrower that is a guarantor under a Guaranty pursuant to Section 6.9(d) .

" SVO " means the Securities Valuation Office of the National Association of Insurance Commissioners or any successor to such Office.

" Swap Contract " means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including, but without limitation, any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., or any International Foreign Exchange Master Agreement.

" Swap Termination Value " means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

" Synthetic Lease " means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

" System " means the Borrower's and/or any Subsidiary's (other than a Project Finance Subsidiary's) integrated electrical transmission and distribution facilities located primarily in the State of Texas and the systems and other property necessary to operate the transmission and distribution facilities, and all improvements to and expansions of such facilities, and each New Project (upon its completion) owned by the Borrower or a Subsidiary thereof; provided that, for the purposes hereof, "System" shall not be deemed to include any easements held by the Borrower or any Subsidiary.

" System Leases " means (1) the McAllen Lease, (2) the Stanton/Brady/Celeste Lease, (3) the Lease Agreement (ERCOT Transmission Assets), between the Borrower, as lessor, and SU, as lessee, (4) the FERC Lease, (5) the CREZ Lease and (6) any and all other Leases and supplements thereto in connection with the System and the transmission and distribution facilities ancillary thereto and any easements associated therewith, or, in each of the foregoing clauses (1) through (6), any new lease entered into in replacement thereof, in accordance with Section 6.10 of this Agreement.

" Taxes " shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

" TDC " means Transmission and Distribution Company, L.L.C.

" Total Debt " means, with respect to the Borrower, all Indebtedness of the Borrower on a consolidated basis; provided , however , that for purposes of calculating the Borrower's Total Debt to Capitalization Ratio, the Borrower's Total Debt shall exclude Non-Recourse Debt of a Project Finance Subsidiary of the Borrower and that portion of the Swap Termination Value defined in clause (b) of the definition of "Swap Termination Value" and shall include Indebtedness of SU on a consolidated basis (excluding Non-Recourse Debt of a Project Finance Subsidiary of SU).

" Total Debt to Capitalization Ratio " means (a) the Borrower's Total Debt, divided by (b) the sum of (i) Total Debt plus (ii) the Borrower's capitalization, as shown on the Borrower's balance sheet plus (iii) if positive, SU's capitalization, as shown on its balance sheet. In connection with any transaction or series of related transactions not prohibited by this Agreement (including by waiver, consent or amendment given or made in accordance with Section 10.1) pursuant to which the Borrower or any Subsidiary makes any acquisition or disposition of assets with a fair market value greater than $1,000,000, the Total Debt to Capitalization Ratio shall be calculated on a pro forma basis after giving effect to such transaction or series of related transactions as a whole (including any related incurrence, repayment or assumption of Indebtedness).

" UCC " means the Uniform Commercial Code as in effect in the applicable state of jurisdiction.

" UCC Collateral " means the Collateral that is of a type in which a valid security interest can be created under Article 8 or Article 9 of the UCC as in effect in New York.

" USA Patriot Act " means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

" U.S. Economic Sanctions " shall mean United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, CISADA or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing.

" Wholly-Owned Subsidiary " means, at any time, any Subsidiary one hundred percent of all of the voting interests of which are owned by any one or more of the Borrower and the Borrower's other Wholly-Owned Subsidiaries at such time.

1.2. Rules of Interpretation . Except as otherwise expressly provided, the following rules of interpretation shall apply to this Agreement and the other Note Documents:

(a) The singular includes the plural and the plural includes the singular; and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

(b) The word "or" is not exclusive.

(c) A reference to any law includes any amendment or modification to such law, and all regulations, rulings and other laws and regulations promulgated under such law.

(d) A reference to a Person includes its successors and permitted assigns.

(e) Accounting terms have the meanings assigned to them by GAAP (as defined in the applicable Financing Agreement), as applied by the accounting entity to which they refer.

(f) The words "include," "includes" and "including" are not limiting.

(g) A reference in a document to an Article, Section, Exhibit, Schedule, Annex or Appendix is to the Article, Section, Exhibit, Schedule, Annex or Appendix of such document unless otherwise indicated. Exhibits, Schedules, Annexes or Appendices to any document shall be deemed incorporated by reference in such document.

(h) References to "knowledge" or words of similar import refer to the actual knowledge of the current officers of the relevant Person, without any duty of investigation unless otherwise indicated.

(i) References to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time

(j) The words "hereof," "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document.

(k) References to "days" means calendar days, unless the term "Business Days" shall be used. References to a time of day means such time in New York, New York, unless otherwise specified.

(l) The section and subsection headings in a document are for convenience of reference only and shall neither be deemed to be a part of such document nor modify, define, expand or limit any of the terms or provisions thereof.

(m) References to agreements or other contractual obligations shall, unless otherwise specified, be deemed to refer to such agreements or contractual obligations as amended, supplemented, restated or otherwise modified from time to time.

ARTICLE 2.

THE FIXED RATE NOTES

2.1. Fixed Rate Notes . (a) On the date of the Original Credit Agreement, the Borrower authorized the issuance and sale of $60,000,000 aggregate principal amount of its 5.04% Fixed Rate Notes (the " Initial Fixed Rate Notes ").

(b) Upon the effectiveness of the Merger and at the request of any Fixed Rate Note Holder, SDTS shall promptly execute and deliver to such Fixed Rate Note Holder a replacement Fixed Rate Note in amount equal to the then outstanding principal amount of such Fixed Rate Note Holder's Initial Fixed Rate Note provided that such Fixed Rate Note Holder returns it's Initial Fixed Rate Note to SDTS marked cancelled (any such replacement note, a " Replacement Fixed Rate Note ").

2.2. Sale and Purchase of Fixed Rate Notes . Subject to the terms and conditions of this Agreement, the Borrower issued and sold to each Fixed Rate Note Holder and each Fixed Rate Note Holder purchased from the Borrower, on the date of the Original Credit Agreement, its share of the Fixed Rate Notes at the purchase price of 100% of the principal amount thereof. The Fixed Rate Note Holders' obligations hereunder are several and not joint, and no Fixed Rate Holder shall have any liability to any Person for the performance or non-performance of any obligation by any other Fixed Rate Note Holder hereunder.

2.3. Repayment of Fixed Rate Note . The Borrower shall repay the full principal amount of the Fixed Rate Notes to each Fixed Rate Note Holder on the earlier to occur of the date of acceleration of the Fixed Rate Notes under Section 8.2 and the Fixed Rate Note Maturity Date.

2.4. [RESERVED].

2.5. Optional Prepayments . (a) The Borrower may prepay the Fixed Rate Notes in accordance with this Section 2.5(a). At any time the Borrower may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Fixed Rate Notes, in an amount not less than $5,000,000 of the aggregate principal amount of the Fixed Rate Notes then outstanding, or any amount in multiples of $1,000,000 in excess thereof, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Borrower will give each Fixed Rate Note Holder written notice of each optional prepayment under this Section 2.5(a) not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such prepayment date (which shall be a Business Day), the aggregate principal amount of the Fixed Rate Notes to be prepaid on such date, the principal amount of each Fixed Rate Note held by such Fixed Rate Note Holder to be prepaid, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Responsible Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Borrower shall deliver to each Fixed Rates Note Holder a certificate of a Responsible Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) The Borrower will not and will not permit any of its Affiliates to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Fixed Rate Notes except upon the payment or prepayment of the Fixed Rate Notes in accordance with the terms of this Agreement and the Fixed Rate Notes and except as provided pursuant to Section 10.6(b) hereunder. The Borrower will promptly cancel all Fixed Rate Notes acquired by it or by any of its Affiliates pursuant to any payment or prepayment of Fixed Rate Notes pursuant to any provision of this Agreement (other than pursuant to Section 10.6(b) hereunder) and no Fixed Rate Notes may be issued in substitution or exchange for any such Fixed Rate Notes.

2.6. Terms of All Prepayments .

(a) Amounts to be applied in connection with prepayments made pursuant to Section 2.5 shall be applied as the Borrower shall direct, subject to Section 2.6(b).

(b) All prepayments of the Fixed Rate Notes shall be applied among the Fixed Rate Note Holders according to the pro rata portion of the Fixed Rate Notes held by each Fixed Rate Note Holder at the time of the applicable prepayment.

(c) In the case of each prepayment of Fixed Rate Notes pursuant to this Agreement, the principal amount of each Fixed Rate Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal

amount accrued to such date and the applicable Make-Whole Amount, if any, which shall be paid to each Fixed Rate Note Holder. From and after such date, unless the Borrower shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Fixed Rate Note paid or prepaid in full shall be surrendered to the Borrower and cancelled and shall not be reissued, and no Fixed Rate Note shall be issued in lieu of any prepaid principal amount of any Fixed Rate Note.

2.7. Interest Rates and Payment Dates . (a) The Fixed Rate Notes shall bear interest at a fixed rate per annum of 5.04%.

(b) Upon the occurrence and during the continuance of an Event of Default, all amounts outstanding under the Fixed Rate Notes (whether or not overdue) shall bear interest at a rate per annum of 7.04% (the " Default Rate ").

(c) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (b) of this Section shall be payable from time to time on demand.

2.8. Computation of Interest and Fees . Interest and fees payable pursuant hereto in respect of the Fixed Rate Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

2.9. Payments . All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made prior to 12:00 Noon, New York time, on the due date thereof to each Fixed Rate Note Holder by the method and at the address specified for such purpose below such Fixed Rate Note Holder's name in **Schedule A** or by such other method or at such other address as such Fixed Rate Note Holder shall have from time to time specified to the Borrower in writing in accordance with Section 10.2. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day without including the additional days elapsed in the calculation of amounts owed on such next succeeding Business Day; provided that if the Fixed Rate Note Maturity Date is on a day other than a Business Day, the payment due on the next succeeding Business Day shall include the additional days elapsed for purposes of calculating the amounts owed on such day.

ARTICLE 3.

[RESERVED]

ARTICLE 4.

[RESERVED.]

ARTICLE 5.

REPRESENTATIONS AND WARRANTIES

5.1. No Default or Event of Default . In order to induce the Fixed Rate Note Holders to enter into this Agreement, the Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on the date hereof both before and immediately after giving effect to this Agreement, the transactions contemplated herein and the Merger.

ARTICLE 6.

AFFIRMATIVE COVENANTS OF BORROWER

The Borrower hereby agrees that, so long as the Fixed Rate Notes remain outstanding or any other amount is owing to any Fixed Rate Note Holder hereunder:

6.1. Financial and Business Information . The Borrower shall deliver, and shall cause SU to deliver, and shall use commercially reasonable efforts to cause each other Qualified Lessee (other than any Consolidated Qualified Lessee) to deliver, to each Fixed Rate Note Holder (provided, that no default shall arise under this Section 6.1 as a result of the failure by a Qualified Lessee other than SU to deliver financial statements and other documents in accordance with the requirements of an applicable Lease and such Lease is terminated in accordance with Section 7.16 hereunder):

(a) Within 45 days after the end of each quarterly fiscal period in each calendar year of such Person and its Subsidiaries (excluding the last quarterly fiscal period of each such calendar year), duplicate copies of

(i) balance sheets of such Person and its Subsidiaries on a consolidated basis as at the end of such quarter, and

(ii) profit and loss statements and cash flows statements for such Person and its Subsidiaries on a consolidated basis for such quarter and (in the case of the second and third quarters) for the portion of the calendar year ending with such quarter,

(iii) setting forth in each case in comparative form the figures for the corresponding periods in the previous calendar year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer of such Person as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) Within 90 days after the end of each calendar year of the Borrower and each Qualified Lessee (other than a Consolidated Qualified Lessee), as applicable, duplicate copies of

(i) balance sheets of such Person and its Subsidiaries on a consolidated basis as at the end of such year; and

(ii) statements of income, profit and loss statements and cash flow statements for such Person and its Subsidiaries on a consolidated basis for such year,

setting forth in each case in comparative form the figures for the previous calendar year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) an opinion thereon of Ernst & Young LLP or another independent public accounting firm of nationally recognized standing selected by the Borrower or such Qualified Lessee (herein, the " Approved Accountant "), which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of the Approved Accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) a certificate of the Approved Accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default (or, in the case of a Qualified Lessee, any default or event of default under any Leases under which such Qualified Lessee is a lessee), and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that the Approved Accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default (or, in the case of a Qualified Lessee, any default or event of default under the applicable Lease) unless the Approved Accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit);

(c) Promptly upon their becoming available, and to the extent not otherwise required to be delivered pursuant to another provision of this Agreement, one copy of (i) each financial statement and budget and such other reports and notices as the Fixed Rate Note Holders may reasonably request sent by the Borrower or any Qualified Lessee to its Subsidiaries, (ii) each report or filing (without exhibits except as expressly requested by the Fixed Rate Note

Holders) other than regular and periodic reports and filings made by the Borrower, any Subsidiary, or any Qualified Lessee to any state or Federal regulatory body and (iii) each report and filing made by the Borrower to its lenders;

(d) Promptly, and in any event within 5 Business Days after (i) a Responsible Officer of the Borrower becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 8.1(i), a written notice specifying the nature and period of existence thereof and what action the Borrower or any Subsidiary is taking or proposes to take with respect thereto and (ii) the Borrower receives a written notice of default under a System Lease from the applicable Qualified Lessee, a copy of such notice of default or a written notice specifying the nature and period of existence of such default and what action the Borrower is taking or proposes to take with respect thereto;

(e) Promptly, and in any event within 5 Business Days of receipt (or knowledge thereof by a Responsible Officer of the Borrower) of copies of any notice to the Borrower, any Subsidiary, or any Qualified Lessee from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(f) Promptly, and in any event within 5 Business Days of receipt (or knowledge by a Responsible Officer of the Borrower) thereof:

(i) any pending or threatened adversarial or contested proceeding of or before a Governmental Authority relating to the System or the System Leases that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(ii) any litigation or proceeding taken or threatened in writing against the Borrower, any Subsidiary, or any Qualified Lessee, that, if successful, could reasonably be expected to result in a Material Adverse Effect;

(g) As soon as available and in any event within 30 days after the close of each calendar year of the Borrower and each Qualified Lessee (other than a Consolidated Qualified Lessee), as the case may be, the annual budget of the Borrower and its Subsidiaries and each Qualified Lessee, as applicable; and

(h) With reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Borrower or relating to the ability of the Borrower to perform its obligations hereunder and under the Fixed Rate Notes as from time to time may be reasonably requested by any the Fixed Rate Note Holders.

6.2. Certificates; Other Information . Each set of financial statements delivered pursuant to Section 6.1(a) or Section 6.1(b) shall be accompanied by a certificate of a Senior Financial Officer of each Qualified Lessee (other than a Consolidated Qualified Lessee) or the Borrower, as applicable, setting forth:

(a) the information (including detailed calculations) required in order to establish whether the Borrower was in compliance with the requirements of Sections 6.11, 7.6 and 7.9, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Borrower from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that no Default or an Event of Default has occurred and is continuing (or in the case of any Qualified Lessee, any default or event of default has occurred and is continuing under any Leases to which it is a party, which default or event of default constitutes an Event of Default pursuant to Section 8.1(f)) or, if any such condition or event has occurred and is continuing (including, without limitation, any such event or condition resulting from the failure of the Borrower to comply with any Environmental Law), (or in the case of any Qualified Lessee, any default or event of default has occurred and is continuing under any Leases to which it is a party, which default or event of default constitutes an Event of Default pursuant to Section 8.1(f)), specifying the nature and period of existence thereof and what action the Borrower shall have taken or proposes to take with respect thereto.

6.3. Compliance with Law . Without limiting Section 7.4, the Borrower will, and will cause its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which it is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of its properties or to the conduct of its businesses to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.4. Insurance.

(a) The Borrower will maintain or cause to be maintained, and will cause its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

(b) Promptly upon request by the Fixed Rate Note Holders or the Collateral Agent, the Borrower shall furnish the Fixed Rate Note Holders and the Collateral Agent with approved certification of all required insurance. Such certification shall be executed by each insurer or by an authorized representative of each insurer where it is not practical for such insurer to execute the certificate itself. Such certification shall identify underwriters, the type of

insurance, the insurance limits, and the policy term, and shall specifically list the special provisions enumerated for such insurance required by this Section 6.4. Upon request, the Borrower will promptly furnish the Fixed Rate Note Holders and the Collateral Agent with copies of all insurance certificates, binders, and cover notes or other evidence of such insurance relating to the Collateral.

(c) No provision of this Section 6.4 or any other provision of this Agreement, any other Financing Document or any Lease shall impose on the Fixed Rate Note Holders or the Collateral Agent any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by the Borrower, nor shall the Fixed Rate Note Holders or the Collateral Agent be responsible for any representations or warranties made by or on behalf of the Borrower to any insurance company or underwriter.

6.5. Maintenance of Properties . The Borrower will, and will cause its Subsidiaries, SU and Qualified Lessees that are Affiliates of the Borrower to, and will use commercially reasonable efforts to cause the other Qualified Lessees to, (a) maintain, preserve and protect in all material respects all of its respective material properties (including any such properties comprising any material portion of the System) and equipment necessary in the operation of its respective business (taken as a whole) in good, working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof.

6.6. Payment of Taxes and Claims . The Borrower will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Borrower or any Subsidiary, provided that none of the Borrower or any Subsidiary need pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by such Person on a timely basis in good faith and in appropriate proceedings, and such Person has established adequate reserves therefor in accordance with GAAP on its books or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate could not reasonably be expected to have a Material Adverse Effect.

6.7. Existence, Etc. Except as permitted under Section 7.2, the Borrower will, and will cause each of its Subsidiaries, at all times preserve and keep in full force and effect its respective limited liability company, corporate or limited partnership existence and all rights and franchises of the Borrower unless (other than with respect to the Borrower's existence), in the good faith judgment of the Borrower, the termination of or failure to preserve and keep in full force and effect such limited liability company, corporate or limited partnership existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

6.8. Books and Records; Inspection Rights . The Borrower will, and will cause each of its Subsidiaries and SU to, and will use commercially reasonable efforts to cause other Qualified Lessees to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction

over such Person. The Borrower will permit representatives and independent contractors of the Fixed Rate Note Holders to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours no more than once per calendar year, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default has occurred and is continuing, the Fixed Rate Note Holders (or any of its respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and as often as reasonably desired.

6.9. Collateral; Further Assurances . Upon the effectiveness of the Merger,

(a) The Borrower shall take all actions necessary to insure that the Collateral Agent, on its behalf and on behalf of the Secured Parties (or in the case of Real Property Collateral, the Trustee named in the Deeds of Trust, for the benefit of the Collateral Agent and the other Secured Parties), has and continues to have in all relevant jurisdictions duly and validly created, attached and enforceable Liens on the Collateral, including perfected first-priority Liens on Collateral constituting UCC Collateral or Real Property Collateral, in each case, to the extent required under the Security Documents (including, in accordance with clauses (c) and (d) of this Section 6.9, after-acquired Collateral), subject to no Liens other than Permitted Liens. The Borrower shall cause the Obligations to constitute direct senior secured obligations of the Borrower and to be senior in right of payment and to rank senior in right of security (other than Permitted Liens) with respect to Collateral granted in the Security Documents to all other Indebtedness of the Borrower (other than other Permitted Secured Indebtedness, with which it shall be pari passu in accordance with the terms of the Collateral Agency Agreement).

(b) Upon completion of each New Project of a Project Finance Subsidiary, the Borrower may cause any such Project Finance Subsidiary to Transfer the New Project to the Borrower and upon such Transfer, the Borrower shall take all actions necessary to insure that (w) the New Project becomes a part of the Collateral to the extent required under the Security Documents and Section 6.9(c), subject to the first priority Lien of the Security Documents (subject to no Liens other than Permitted Liens and rights of holders of Permitted Secured Indebtedness in accordance with the Collateral Agency Agreement), (x) no Default or Event of Default occurs as a result of such Transfer, (y) the Indebtedness of the Project Finance Subsidiary is either repaid in full at the time of the Transfer or becomes Permitted Secured Indebtedness in accordance with the Collateral Agency Agreement, and (z) the Project Finance Subsidiary is liquidated or merged with and into the Borrower.

(c) If, after December 10, 2014 Borrower acquires any Real Property Collateral, the Borrower shall forthwith (and in any event, within five Business Days of such acquisition or such longer period of time as reasonably agreed by the Required Fixed Rate Note Holders) deliver to the Collateral Agent a fully executed mortgage or deed of trust over the Borrower's interests in such Real Property Collateral, in form and substance satisfactory to the Required Fixed Rate Note Holders and the Collateral Agent, together with such surveys, environmental reports and other documents and certificates with respect to such real estate as may be reasonably required by the Required Fixed Rate Note Holders. The Borrower further

agrees to take all other actions necessary to create in favor of the Trustee named therein for the benefit of the Collateral Agent and the other Secured Parties a valid and enforceable first priority Lien on the Borrower's interests in such Real Property Collateral, free and clear of all Liens except for Permitted Liens and rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement.

(d) If, after December 10, 2014, the Borrower acquires or creates any new Subsidiary (other than any Subsidiary of the Borrower that is not organized under the laws of the United States, any state thereof or the District of Columbia, any Project Finance Subsidiary and any other Subsidiary that is prohibited from providing a Guaranty of the Obligations by any Requirement of Law), the Borrower shall or cause such Subsidiary forthwith (and in any event, within 30 days of such creation or acquisition (or such longer time as the Required Fixed Rate Note Holders may agree):

(i) to execute and deliver to the Collateral Agent a Subsidiary Guaranty;

(ii) to deliver to the Collateral Agent a certificate of such Subsidiary, certifying as to the resolutions attached thereto and other corporate proceedings by the such Subsidiary relating to the authorization, execution and delivery of the Subsidiary Guaranty, with appropriate insertions and attachments;

(iii) to take such actions reasonably necessary or advisable to grant to the Collateral Agent for the benefit of the Secured Parties (or, in the case of Real Property Collateral, the Trustee named in the Deeds of Trust, for the benefit of the Collateral Agent and the other Secured Parties), a perfected and enforceable first-priority Lien in the Collateral described in the Security Documents with respect to such new Subsidiary, subject to no Liens other than Permitted Liens and rights of holders of Permitted Secured Indebtedness in compliance with the Collateral Agency Agreement; and

(iv) if reasonably requested by the Collateral Agent, to deliver to the Collateral Agent legal opinions relating to the matters described above, which opinions shall be in form and substance reasonably satisfactory to the Collateral Agent.

6.10. Material Project Documents .

(a) The Borrower shall at all times (i) perform and observe all of the covenants under the Material Project Documents to which it is a party and take reasonable actions to enforce all of its rights thereunder, other than to the extent the same could not reasonably be expected to have a Material Adverse Effect, (ii) subject to the provisions of clause (b) of this Section 6.10, maintain the System Leases (other than Leases constituting System Leases only pursuant to clause (5) of the definition thereof) in full force and effect, and (iii) maintain the Leases (other than the System Leases referred to in the foregoing clause (ii) of this Section 6.10(a)) to which it or any of its Subsidiaries is a party in full force and effect, except to the extent the same could not reasonably be expected to have a Material Adverse Effect.

(b) If the term of a Lease with the Borrower or one of its Subsidiaries expires and the Qualified Lessee under such Lease has either ceased operating the related assets or has ceased paying rent as required under the applicable Lease, the Borrower shall, or shall cause a Subsidiary, as applicable, to enter into a supplement or a new Lease with respect to the related leasehold assets with a Qualified Lessee that provides for rent that, when combined with all other expected revenue, will, in the reasonable judgment of the Borrower, as of the commencement date of such supplement or new Lease, generate sufficient revenue to satisfy the requirements of Section 6.11 and will not otherwise result in a materially worse position for the Borrower as compared to the terms of the applicable expired Lease. Each such new Lease shall have a term of at least five years. Notwithstanding the foregoing, if (i) such expired Lease relates to transmission and/or distribution assets that are not generating significant revenue, (ii) the failure to renew such Lease would not constitute a Material Adverse Effect and (iii) the Borrower reasonably believes it will generate sufficient revenue and hold sufficient assets (without giving effect to the leasehold assets with respect to such Lease) to satisfy the requirements of Section 6.11, then this Section 6.10(b) will not require a supplement or new lease with respect to such leasehold assets.

6.11. Financial Ratios .

(a) The Borrower shall at all times maintain, on a consolidated basis, a Total Debt to Capitalization Ratio of not more than 0.65 to 1.00.

(b) The Borrower shall maintain, for each period of four consecutive fiscal quarters, a Debt Service Coverage Ratio of at least 1.40 to 1.00.

ARTICLE 7.

NEGATIVE COVENANTS OF BORROWER

The Borrower hereby agrees that, so long as the Fixed Rate Notes remain outstanding or other amount is owing to any Fixed Rate Note Holder hereunder:

7.1. Transactions with Affiliates . The Borrower will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate other than (i) transactions with Project Finance Subsidiaries, as permitted by Section 6.9(b) and other transactions between or among the Borrower and one or more Subsidiaries, or any subset thereof, to the extent permitted under Sections 7.2, 7.6, 7.7, 7.10 and 7.14, (ii) Leases with Qualified Lessees and transactions relating thereto, (iii) any Qualified Lessee Affiliate Loan and any Indebtedness permitted under Section 7.6(d)(ii), (iv) payment of customary fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Borrower and its Subsidiaries in the ordinary course of business, (v) Investments permitted pursuant to Section 7.7, (vi) transactions entered into in connection with the Cross Valley Project on or prior to the Cross Valley Project Transfer and the Golden Spread Project on or prior to the Golden Spread Project Transfer, (vii) ROFO Transfers, and (viii) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arms-length transaction with a Person

not an Affiliate; provided that any transaction will be deemed to meet the requirements of this clause (viii) if such transaction is on terms approved by a majority of the board of directors (or comparable governing body) of the General Partner or an Affiliate thereof who are "independent"(as such term is defined pursuant to the rules of the primary exchange on which the Capital Stock is listed for trading), or a majority of the "independent" members of a committee of any such board of directors (or comparable governing body).

7.2. Merger, Consolidation, Etc . The Borrower will not nor will it cause or permit any of its Subsidiaries to consolidate with or merge with any other Person or Transfer all or substantially all of its assets in a single transaction or series of transactions to any Person, except (i) pursuant to the System Leases or any other Lease, (ii) as permitted pursuant to Section 6.9(b), or (iii) that so long as both before and after giving effect to such merger or consolidation or Transfer of all or substantially all of its assets to another Person no Default or Event of Default exists, the Borrower or any Subsidiary may merge or consolidate with another Person, and the Borrower or any Subsidiary may Transfer all or substantially all of its assets to another Person, so long as, after giving effect to such merger or consolidation, or such Transfer of all or substantially all of its assets, (A) with respect to any merger or consolidation to which the Borrower is a party, the Borrower shall be the surviving entity, (B) with respect to any merger or consolidation to which a Subsidiary is a party but the Borrower is not, a Subsidiary (other than a Project Finance Subsidiary) shall be the surviving entity and (C) with respect to any Transfer of all or substantially all of its assets by the Borrower or a Subsidiary, the Borrower or another Subsidiary (other than a Project Finance Subsidiary) shall be the transferee or lessee of such assets (except to the extent permitted by clauses (i) and (ii) of this Section 7.2.

7.3. Line of Business . The Borrower will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Borrower and its Subsidiaries taken as a whole, would then be engaged would be substantially changed from the transmission and distribution of electric power and the provision of ancillary services.

7.4. Terrorism Sanctions Regulations . The Borrower will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Fixed Rate Notes) with any Person if such investment, dealing or transaction (i) would cause any holder to be in violation of any applicable United States (federal or state) anti-terrorism law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

7.5. Liens . The Borrower will not, nor will it cause or permit any Subsidiary to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to the Collateral or any other property of the Borrower or such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, or on any other asset now owned or hereafter acquired by the Borrower or such Subsidiary, except (each, a "Permitted Lien"):

(a) solely in the case of the Note Parties, Liens created or permitted by the Financing Documents on the assets of the Note Parties; and

(b) (i) solely in the case of a Project Finance Subsidiary, Liens on assets owned by that Project Finance Subsidiary, (ii) Liens on the Capital Stock in that Project Finance Subsidiary, in each case to secure its Non-Recourse Debt and (iii) Liens in respect of Guaranties permitted under Section 7.6(c)(iii) ;

(c) Liens created or permitted pursuant to the terms of the Security Documents, including Cash Collateral (as defined in the Collateral Agency Agreement);

(d) Liens for Taxes which are not yet due and payable or the payment of which is not at the time required by Section 6.6;

(e) any attachment or judgment Lien, unless such attachment or judgment Lien constitutes an Event of Default under Section 8.1(l) hereof;

(f) Liens of a lessor of equipment to the Borrower or any Subsidiary on such lessor's leased equipment (but excluding equipment leased pursuant to a Capital Lease), including any of the foregoing which is evidenced by a protective UCC filing;

(g) Mechanics', warehousemen's, carriers', workers', repairers', landlords', and other similar liens arising or incurred in the ordinary course of business and (i) which do not in the aggregate materially detract from the value of property or assets subject to such Liens or materially impair the continued use thereof in the operation of the business or (ii) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such Liens, or other Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, trade contracts, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money);

(h) zoning, entitlement, restriction, and other land use and environmental regulations by Governmental Authorities and encroachments, easements, rights of way, covenants, restrictions or agreements which do not materially interfere with the continued use of any asset as currently used in the conduct of the business;

(i) any encumbrances set forth in any franchise or governing ordinance under which any portion of the business is conducted which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(j) all rights of condemnation, eminent domain, or other similar right of any Person;

(k) any interest of title of a lessor under leases; and

(l) Liens securing Permitted Secured Indebtedness on a pari passu basis with the Obligations in accordance with the terms of the Collateral Agency Agreement.

Notwithstanding the foregoing, the Borrower shall not, and shall not permit any Subsidiary to, grant any Liens securing Indebtedness for borrowed money (other than Non-Recourse Debt incurred by a Project Finance Subsidiary) unless such Indebtedness for borrowed money is secured by Liens securing Permitted Secured Indebtedness on a pari passu basis with the Obligations in accordance with the terms of the Collateral Agency Agreement.

7.6. Indebtedness . The Borrower will not, and will not cause or permit any Subsidiary or SU to incur any Indebtedness, and will use commercially reasonable efforts not to permit any Qualified Lessee or Subsidiaries of Specified Qualified Lessees to incur Indebtedness for borrowed money, in each case except the following Indebtedness, which may be incurred subject to the requirements of the last paragraph of this section:

(a) Indebtedness evidenced by the Financing Documents;

(b) Indebtedness of the Borrower (i) that is not related to, and does not support, Non-Recourse Debt of a Project Finance Subsidiary and (ii) if incurred, would not result in a breach of Section 6.11; provided that if the Indebtedness is proposed to be secured by any of the Collateral, then at least five Business Days (or such shorter period reasonably agreed by the Required Fixed Rate Note Holders) prior to the incurrence of such Indebtedness, the Borrower shall (x) notify the Fixed Rate Note Holders of its intent to incur such Indebtedness, which notice shall set forth in reasonable detail (A) the amount and proposed economic terms of such Indebtedness, (B) by type of lender or purchaser and (C) the proposed collateral for such Indebtedness (which proposed collateral may include any or all of the Collateral) and (y) deliver to the Collateral Agent and the other Secured Parties an executed joinder agreement substantially in the form of Exhibit A to the Collateral Agency Agreement pursuant to which all the proposed holders of such Indebtedness have become party to the Collateral Agency Agreement;

(c) (i) Non-Recourse Debt incurred by a Project Finance Subsidiary of the Borrower (including Non-Recourse Debt incurred by such Project Finance Subsidiary prior to being acquired by the Borrower or a Subsidiary) to fund a New Project, (ii) any Indebtedness in the form of a pledge of Capital Stock in a Project Finance Subsidiary as security for Non-Recourse Debt of such Project Finance Subsidiary and (iii) Indebtedness in the form of Guaranties by the Borrower or any Subsidiary of Indebtedness of any Project Finance Subsidiary, the aggregate amount of which Guaranties shall not exceed $25,000,000 outstanding at any given time;

(d) Indebtedness of any such Qualified Lessee (i) in an aggregate principal amount for such Qualified Lessee of up to the greater of (A) $5,000,000 and (B) an amount equal to 1% of the sum of, without duplication, (x) the total amount of the Consolidated Net Plant of such Qualified Lessee, plus (y) the total amount of the Consolidated Net Plant of any guarantor(s) of such Qualified Lessee's obligations under the applicable Leases, plus (z) the total amount of Leased Consolidated Net Plant, in each case on a senior secured basis and (ii) in an

aggregate principal amount for such Qualified Lessee of up to the greater of (A) $10,000,000 and (B) an amount equal to 1.5% of the sum of, without duplication, (x) the total amount of the Consolidated Net Plant of such Qualified Lessee, plus (y) the total amount of the Consolidated Net Plant of any guarantor(s) of such Qualified Lessee's obligations under the applicable Leases, plus (z) the total amount of Leased Consolidated Net Plant, in each case on an unsecured subordinated basis on terms substantially similar to the terms set forth on Exhibit D, to the extent allowed under the Leases to which such Qualified Lessee is a party as a lessee or tenant thereunder; provided, that for purposes of this clause (d), all Consolidated Qualified Lessees will be treated as one Qualified Lessee;

(e) Indebtedness of the Borrower to any of its Subsidiaries, which by its terms is expressly subordinated to the Obligations, and Indebtedness of any Subsidiary to the Borrower or any other Subsidiary of the Borrower not to exceed $5,000,000 at any one time outstanding and in each case to have a maturity date of less than one year;

(f) any Qualified Lessee Affiliate Loan and other Indebtedness of Qualified Lessees otherwise acceptable to the Required Fixed Rate Note Holders; and

(g) Indebtedness of Subsidiaries of Specified Qualified Lessees incurred in an aggregate principal amount for each such Specified Qualified Lessee of up to the product of (x) such Specified Qualified Lessee's Consolidated Net Plant (derived from its most recently prepared consolidated balance sheet, prepared in accordance with GAAP but adjusted to reverse the effects of failed sale-leaseback accounting in a manner reasonably determined by such Specified Qualified Lessee in good faith) multiplied by (y) the lesser of (A) the sum of such Specified Qualified Lessee's then-current PUCT-regulated debt-to-equity ratio (expressed as a percentage) and 5% or (B) 65%; provided that such Indebtedness must be Non-Recourse Debt to such Specified Qualified Lessee.

Indebtedness of the Borrower or any of its Subsidiaries may be incurred under this Section 7.6 only if no Default or Event of Default is, or as a result of such incurrence would be, existing.

7.7. Loans, Advances, Investments and Contingent Liabilities . The Borrower will not make or permit to remain outstanding any loan or advance to, or extend credit other than credit extended in the ordinary course of business to any Person, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person (collectively, "Investments"), or commit to do any of the foregoing, except (a) Permitted Investments, (b) ownership, purchase and acquisition of equity interests in and capital contributions to Project Finance Subsidiaries of the Borrower and Wholly-Owned Subsidiaries, (c) loans, advances and extensions of credit (i) to Subsidiary Guarantors and other Wholly-Owned Subsidiaries (other than Project Finance Subsidiaries) not required to provide a Guaranty pursuant to Section 6.9(d) and (ii) to Project Finance Subsidiaries in the form of Guaranties by the Borrower or any Subsidiary of Indebtedness of any Project Finance Subsidiary, the aggregate amount of which Guaranties shall not exceed $25,000,000 outstanding at any given time, (d) any Qualified Lessee Affiliate Loan or (e) Investments made in connection with the Cross Valley Project and the Golden Spread Project prior to the Cross Valley Project Transfer and the Golden Spread Project Transfer and (f) the ROFO Transfers.

7.8. No Subsidiaries . The Borrower shall have no subsidiaries other than Project Finance Subsidiaries and Wholly-Owned Subsidiaries.

7.9. Restricted Payments . The Borrower will not, directly or indirectly, make or declare any Distribution unless there does not exist and, after giving effect to the proposed Distribution, there will not exist, a Default or an Event of Default. The Borrower shall deliver to the Fixed Rate Note Holders and the Collateral Agent before a Distribution is made a certificate of a Responsible Officer of the Borrower stating that the foregoing condition has been satisfied and, if requested, providing supporting data and calculations.

7.10. Sale of Assets, Etc . The Borrower will not, nor will it cause or permit any Subsidiary, to Transfer, or agree or otherwise commit to Transfer, any of its assets with a fair market value of greater than $15,000,000, in the aggregate during the term of this Agreement ("Asset Sale") except:

(a) the Borrower or a Subsidiary shall lease the System or other transmission and distribution assets and related assets pursuant to a Lease to which the Borrower or a Subsidiary thereof is a party;

(b) (i) each Project Finance Subsidiary of the Borrower may Transfer its assets to the Borrower or its Wholly-Owned Subsidiaries in accordance with Section 6.9(b); and (ii) the Borrower may Transfer, or suffer the Transfer of, its ownership interests in a Project Finance Subsidiary and such Project Finance Subsidiary may Transfer, or suffer the Transfer of its assets, in each case in connection with and pursuant to the exercise of remedies under the documentation governing Non-Recourse Debt incurred by such Project Finance Subsidiary;

(c) Asset Sales (i) among the Borrower and the Subsidiary Guarantors (or a subset thereof), (ii) among Subsidiaries that are not Subsidiary Guarantors and (iii) from Subsidiaries to the Borrower or a Subsidiary Guarantor;

(d) in connection with an acquisition that is not prohibited under this Agreement, (i) Asset Sales of operating assets and related assets to a Qualified Lessee and (ii) Asset Sales of property acquired after the date of this Agreement that are not electric transmission or distribution assets, in each case (x) which are, in the aggregate, not material in relation to the assets acquired and (y) upon fair and reasonable terms no less favorable to such Person than would be obtained in a comparable arms-length transaction with a Person not an Affiliate;

(e) Permitted Liens;

(f) Investments permitted by Section 7.7, transactions permitted by Section 7.2 and Distributions permitted by Section 7.9;

(g) Asset Sales made in connection with the Cross Valley Project Transfer and the Golden Spread Project Transfer;

(h) Asset Sales consisting of goods and inventory from the Borrower or any Subsidiary to a Qualified Lessee at cost or on such other terms as may be approved by a majority

of the board of directors (or comparable governing body) of the General Partner or an Affiliate thereof who are "independent" (as such term is defined pursuant to the rules of the primary exchange on which the Capital Stock of the General Partner or such Affiliate is listed for trading), or a majority of the "independent" members of a committee of any such board of directors (or comparable governing body);

(i) ROFO Transfers; and

(j) Asset Sales of assets that are obsolete or no longer used or useful in such Person's business.

7.11. Sale or Discount of Receivables . The Borrower will not nor will it cause or permit any Subsidiary to sell with recourse, or discount or otherwise sell for less than the face value thereof, any of its notes or accounts receivable.

7.12. Amendments to Organizational Documents . The Borrower will not, nor will it cause or permit any of its Subsidiaries to, and shall use commercially reasonable efforts not to permit any Qualified Lessee or any of its Subsidiaries to, amend, supplement, terminate, replace or waive any provision of its operating agreement or other organization documents after the date of this Agreement after December 10, 2014. Notwithstanding this Section 7.12, the Borrower, its Subsidiaries, any Qualified Lessee and its Subsidiaries may, without the consent of the Fixed Rate Note Holders, amend their respective operating agreement or similar organizational documents as may be required to facilitate or implement any of the following:

(a) to reflect (i) the contribution of any new capital or additional capital by new or existing members or partners of such Person, (ii) the addition of new members or partners of such Person, or (iii) any adjustment, termination, reduction or redemption of equity interests of its members, partners or other holders of equity interests or the issuance of additional equity interests in such Person; provided, that after giving effect to any such changes, no Event of Default would exist under Sections 7.8, or 8.1(n);

(b) to reflect a change that does not adversely affect the Fixed Rate Note Holders in any material respect, or to cure any ambiguity, or correct or supplement any provision, not inconsistent with law or with the provisions of this Agreement;

(c) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(d) to take actions to avoid any material adverse consequences to such Person as a result of any change in law or interpretation of law applicable to Persons subject to regulation by the PUCT and FERC; and

(e) to effect the dissolution, liquidation, merger or consolidation of any Person that is not otherwise prohibited under this Agreement.

The Borrower will provide prompt notice to the Fixed Rate Note Holders upon taking any such action under the foregoing sentence of this Section 7.12.

7.13. Sale and Lease-Back . Except for the System Leases, the CREZ Lease and any other Lease, the Borrower will not, nor will it cause or permit any Subsidiary to, enter into any arrangement providing for the leasing by the Borrower or any Subsidiary of real or personal property which has been or is to be Transferred by the Borrower or such Subsidiary to a lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Borrower or any Subsidiary.

7.14. ERISA Compliance .

(a) The Borrower will not as of the last day of any calendar year permit any Plan to be "at risk" within the meaning of Section 303 of ERISA to the extent such action could reasonably be expected to result in a Material Adverse Effect. The Borrower and its ERISA Affiliates will not incur withdrawal liabilities (and will not become subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate could reasonably be expected to result in a Material Adverse Effect.

(b) For the purposes of clause (a) above, all assumptions and methods used to determine the actuarial valuation of vested and unvested employee benefits under any Plan at any time maintained by the Borrower and the present value of assets of any such Plan shall be reasonably consistent with those determinations made for purposes of Section 5.13 of the 2010 NPA.

(c) The Borrower will not, nor, as applicable, will any Plan at any time maintained by the Borrower:

(i) engage in any action that could reasonably be expected to cause the execution and delivery of this Agreement and the issuance and sale of the Fixed Rate Notes to result in a non-exempt "prohibited transaction" (as such term is defined in Section 406 of ERISA and Section 4975(c) of the Code);

(ii) fail to meet the minimum funding standards of Section 302 of ERISA or Sections 412 and 430 of the Code, or seek or obtain a waiver thereof or fail to make any required contribution to a Multiemployer Plan; or

(iii) terminate any such Plan in a manner which could result in the imposition of a Lien on the Property of the Borrower pursuant to Section 4068 of ERISA that could reasonably be expected to result in a Material Adverse Effect.

7.15. No Margin Stock . Anything herein contained to the contrary notwithstanding, the Borrower will not, nor will it permit any Subsidiary to, make or authorize any investment in, or otherwise purchase or carry, any margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System of the United States) that violates the provisions, or for any purpose that violates the provisions, of Regulation U of the Board of Governors of the Federal Reserve System of the United States.

7.16. Project Documents .

(a) The Borrower will not, and will not permit any Subsidiary to, amend, modify, supplement, replace, renew, extend, terminate or waive any provision of any Lease to which the Borrower or such Subsidiary is party, or consent to any amendment, modification, supplement, replacement, renewal, extension, termination or waiver of any such Lease except (i) to the extent the same could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) if the Borrower reasonably believes, after giving effect thereto, the Borrower will generate sufficient revenue and hold sufficient assets to satisfy the requirements of Section 6.11.

(b) The Borrower shall use commercially reasonable efforts to ensure that no Specified Qualified Lessee enters into any lease of transmission or distribution facilities other than (i) the Leases (including maintaining or entering into new Leases or replacement Leases and amending or modifying Leases to the extent not prohibited under this Agreement) and (ii) any other leases consented to by the Fixed Rate Note Holders.

7.17. Regulation .

(a) The Borrower shall not be or become, and shall use commercially reasonable efforts not to permit any Specified Qualified Lessee to be or become, subject to FERC jurisdiction as a public utility under the FPA; provided, however, that the Borrower shall not be in default of the forgoing negative covenant if the Borrower or any Specified Qualified Lessee becomes subject to FERC jurisdiction under the FPA solely as a result of a change to the FPA or in FERC's interpretation thereof or regulations thereunder, if the Borrower or such Specified Qualified Lessee takes all necessary actions to comply with applicable FERC requirements and the operation of the System is uninterrupted; and

(b) The Borrower shall not, and shall use commercially reasonable efforts to cause any Specified Qualified Lessee not to violate in any material respect any regulation or order of the PUCT applicable to it.

(c) None of the Borrower nor any Specified Qualified Lessee shall own, operate or control any electrical generating, transmitting or distribution facility, nor effect or control any sale of electricity, outside of the ERCOT balancing area authority except (i) as permitted by FERC, as set forth in its declaratory order issued in Docket no. EL07-93-000 or (ii) interconnected transmission or distribution assets or systems located substantially in the State of Texas or deriving a majority of their revenue from customers within the State of Texas.

7.18. Swaps . The Borrower will not, nor will it permit any Subsidiary to, enter into any Swap Contracts, except that the Borrower and its Project Finance Subsidiaries may enter into Swap Contracts solely to hedge interest rate risk and not for speculative purposes.

7.19. Additional Financial Covenants . If the Borrower shall at any time enter into one or more agreements pursuant to which Indebtedness in an aggregate principal amount greater than $25,000,000 shall be outstanding and such agreement contains one or more financial covenants which are more restrictive on the Borrower and its Subsidiaries than the financial covenants contained in Section 6.11 of this Agreement, then such more restrictive financial covenants and any related definitions (the "Additional Financial Covenants") shall automatically

be deemed to be incorporated into Section 6.11 of this Agreement by reference from the time such other agreement becomes binding upon the Borrower until such time as such other Indebtedness is repaid in full and all commitments related thereto are terminated; provided, that if at the time of any such repayment or the termination of any such commitment a Default or Event of Default shall exist under this Agreement, then such Additional Financial Covenants shall continue in full force and effect under this Agreement so long as such Default or Event of Default continues to exist. So long as such Additional Financial Covenants shall be in effect, no modification or waiver of such Additional Financial Covenants shall be effective unless the Required Fixed Rate Note Holders shall have consented thereto pursuant to Section 10.1 hereof. Promptly but in no event more than 5 Business Days following the execution of any agreement providing for Additional Financial Covenants, the Borrower shall furnish each Fixed Rate Note Holder with a copy of such agreement. Upon written request of the Required Fixed Rate Note Holders, the Borrower will enter into an amendment to this Agreement pursuant to which this Agreement will be formally amended to incorporate the Additional Financial Covenants on the terms set forth herein.

7.20. Burdensome Agreements . The Borrower will not enter into or permit any Subsidiary Guarantor or Subsidiary of a Subsidiary Guarantor to enter into any Contractual Obligation that limits the right (a) of such Subsidiary to make Distributions to the Borrower or any Subsidiary Guarantor or to otherwise transfer property to the Borrower or any Subsidiary Guarantor, (b) of any Subsidiary of the Borrower to guarantee the Indebtedness of the Borrower or (c) of the Borrower or any Subsidiary Guarantor to create, incur, assume or suffer to exist Liens on property of such Person, in each case except for (i) restrictions arising under any Requirement of Law, (ii) customary restrictions and conditions contained in any agreement relating to the sale or other disposition of assets not prohibited under this Agreement pending the consummation of such sale or other disposition, (iii) this Agreement, the other Note Documents, Permitted Liens (other than Liens permitted under Section 7.5(k)), and any document or instrument evidencing or granting any such Permitted Liens; (iv) any Contractual Obligation relating to Indebtedness permitted pursuant to Section 7.6 (including Liens permitted pursuant to Section 7.5) to the extent, in the good faith judgment of the Borrower, such limitations and requirements described in clauses (a), (b) or (c) above (x) are on customary market terms for Indebtedness of such type at the time entered into, so long as the Borrower has determined in good faith that such restrictions would not reasonably be expected to impair in any material respect the ability of the Note Parties to meet their ongoing payment obligations under the Note Documents, or (y) are not materially more restrictive, taken as a whole with respect to the Borrower and the Subsidiaries than the restrictions in the Note Documents, (v) with respect to clause (c), any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.6(c) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness, (vi) non-assignment provisions in franchise agreements, licenses, easements, leases, indemnities or other agreements and (vii) restrictions on any property or any Person contained in any asset or stock sale agreement or other similar agreements entered into with respect to such property or Person to the extent (x) the sale or other disposition of such property or Person is not prohibited by this Agreement and (y) such restrictions relate only to the property or Person to be sold or otherwise disposed of.

ARTICLE 8.

EVENTS OF DEFAULT; REMEDIES

8.1. Events of Default . An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Borrower defaults in the payment of any principal or Make-Whole Amount, if any, on any Fixed Rate Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Borrower defaults in the payment of any interest on any Fixed Rate Note, fees or other amounts for more than five days after the same becomes due and payable; or

(c) the Borrower defaults in the performance of or compliance with any term contained in Section 6.1(d), Section 6.11 or Section 7; or

(d) the Borrower defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 8.1(a), (b) and (c)) or in any other Note Document (other than those referred to in another paragraph of this Section 8) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Borrower receiving written notice of such default from the Collateral Agent or Fixed Rate Note Holder (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 8.1(d)); or

(e) any representation or warranty made in writing by or on behalf of the Borrower or by any officer of the Borrower in this Agreement or any other Note Document or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) with respect to any Lease to which the Borrower or a Subsidiary thereof is a party (other than Leases pursuant to which the Borrower recognized revenue, in the aggregate, that constituted 10% or less of the total consolidated revenue of the Borrower and its Subsidiaries (other than Project Finance Subsidiaries) as set forth on the face of the consolidated statements of operations for the four consecutive fiscal quarter period that ended on the date of the financial statements most recently delivered pursuant to Section 6.1), (i) any such Lease is declared to be null and void or is otherwise unenforceable, or any party thereto claims that any such agreement is unenforceable (unless, within 90 days after such declaration or claim, replaced by a Lease that complies with the provisions of Section 7.16), (ii) one or more payment defaults in an amount in excess of $10,000,000 in the aggregate occurs across all such Leases, after giving effect to any cure periods specified therefor or (iii) any default or event of default (other than those referred to in clause (i) or (ii) of this Section 8.1(f)) occurs under any such Lease that could reasonably be expected to have a Material Adverse Effect and such failure continues for more than 90 days; or

(g) (i) the Certificate of Conveniences and Necessity (#30192, #30026, #30114 and #30191) issued or transferred by the PUCT to SU is terminated without being timely replaced, revoked or otherwise is not in effect; or (ii) except as could not reasonably be expected

to result in a Material Adverse Effect, any other Required Permit is terminated without being timely replaced (if the terminated Permit continues to be a Required Permit), revoked or otherwise is not in effect; provided, however, that the termination without immediate renewal of any franchise agreement pursuant to which the Qualified Lessee operating the applicable portion of the System is authorized to operate the System and collect fees for services shall not constitute an Event of Default if the parties to the franchise agreement continue to perform in accordance with the terms of such agreement notwithstanding the termination; or

(h) any Security Document or any other security document entered into pursuant to Section 6.9 ceases to give the Collateral Agent perfected first priority Liens (subject to Permitted Liens) purported to be created thereby in a material portion of the Collateral, taken as a whole, for any reason other than as expressly permitted hereunder or thereunder (including by amendment, waiver and/or consent granted in accordance with the terms hereunder or thereunder) or satisfaction in full of the Obligations; or any Note Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder (including by amendment, waiver and/or consent granted in accordance with the terms hereunder or thereunder) or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Note Party contests in any manner the validity or enforceability of any Note Document; or any Note Party denies that it has any further liability or obligation under any Note Document or purports to revoke, terminate or rescind any Note Document, other than, for each of the foregoing, as expressly permitted hereunder or thereunder (including by amendment, waiver and/or consent granted in accordance with the terms hereunder or thereunder) or satisfaction in full of the Obligations; or

(i) without limiting clause (h), (i) the Borrower or any Specified Qualified Lessee is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least, in the case of the Borrower or SU, $10,000,000 or, in the case of any other Specified Qualified Lessee, $2,000,000, in each case beyond any period of grace provided with respect thereto, or (ii) the Borrower or any Specified Qualified Lessee is in default in the performance of or compliance with any term of any evidence of any Indebtedness (including any mortgage, indenture or other agreement relating thereto), which Indebtedness, in the case of the Borrower or SU, is in an aggregate outstanding principal amount of at least $10,000,000 (for each such Person individually) or, in the case of any other Specified Qualified Lessee, is an amount that could reasonably be expected to result in a Material Adverse Effect, and as a consequence of such default or condition one or more Persons are entitled to declare such Indebtedness to be due and payable before its stated maturity or before its regularly scheduled dates of payment, (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), Indebtedness of the Borrower or SU in an aggregate outstanding principal amount of at least $10,000,000 (for each such Person individually) has become or has been declared due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iv) a default or an event of default occurs under the 2009 NPA, the 2010 NPA or the RBC Agreement, and such failure continues for more than any cure period specified therefor and has not otherwise been waived; or

(j) the Borrower or SU or, to the extent the same could reasonably be expected to result in a Material Adverse Effect, any other Qualified Lessee (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it or, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(k) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Borrower, any Subsidiary, SU or, to the extent the same could reasonably be expected to result in a Material Adverse Effect, any other Qualified Lessee, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any such Person or any such petition shall be filed against any such Person and such petition shall not be dismissed within 60 days; or

(l) a final judgment or judgments for the payment of money is rendered against the Borrower or a Qualified Lessee, in the case of the Borrower or SU, aggregating in excess of $10,000,000 or $2,000,000, respectively, or, in the case of any other Qualified Lessee, to the extent the same could reasonably be expected to result in a Material Adverse Effect, other than, in each case, judgments payable by the Borrower or such Qualified Lessee, rendered in connection with the condemnations in favor thereof, and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(m) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Borrower or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) any Plan shall be “at-risk” within the meaning of Section 303 of ERISA as of the last day of any calendar year, (iv) the Borrower or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Borrower or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Borrower establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Borrower thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(n) Hunt Family Members cease to Control SU, or any Person other than a Qualified Lessee shall be the lessee under any lease with respect to the System; or

(o) (i) the Operating Partnership shall cease to own or control, directly or indirectly, 90% of the outstanding equity interest of the Borrower; or (ii) Hunt Family Members cease to own and control, directly or indirectly, at least 5% of the outstanding equity interests of the Operating Partnership, unless in the case of clause (ii), (x) the General Partner has become a publicly held company, or (y) the Borrower has total assets on its balance sheet valued at $1,000,000,000 or greater.

As used in Section 8.1(m), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

8.2. Acceleration .

(a) If an Event of Default with respect to the Borrower described in Section 8.1(j) or (k) (other than an Event of Default described in clause (i) of Section 8.1(j) or described in clause (vi) of Section 8.1(j) by virtue of the fact that such clause encompasses clause (i) of Section 8.1(j)) has occurred, all the Fixed Rate Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Fixed Rate Note Holders may at any time at its or their option, by notice or notices to the Borrower, declare all the Fixed Rate Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 8.1(a) or (b) has occurred and is continuing, the Fixed Rate Note Holders affected by such Event of Default may at any time, at their option, by notice or notices to the Borrower, declare all the Fixed Rate Notes held by them to be immediately due and payable.

Upon any Fixed Rate Notes becoming due and payable under this Section 8.2, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Fixed Rate Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount (to the fullest extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Borrower acknowledges, and the parties hereto agree, that each Fixed Rate Note Holder has the right to maintain its investment in the Fixed Rate Notes free from repayment by the Borrower (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Borrower in the event that the Fixed Rate Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

8.3. Other Remedies . If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Fixed Rate Notes have become or have been declared immediately due and payable under Section 8.2, the Required Fixed Rate Note Holders may proceed to protect and enforce their rights by an action at law, suit in equity or other

appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Fixed Rate Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

8.4. Rescission . At any time after any Fixed Rate Notes have been declared due and payable pursuant to Section 8.2(b) or (c), the Fixed Rate Note Holders, by written notice to the Borrower, may rescind and annul any such declaration and its consequences if (a) the Borrower has paid all overdue interest on the Fixed Rate Notes, all principal of and Make-Whole Amount, if any, on any Fixed Rate Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Fixed Rate Notes, at the Default Rate, (b) neither the Borrower nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 10.1, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Fixed Rate Notes. No rescission and annulment under this Section 8.4 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

8.5. No Waivers or Election of Remedies, Expense, Etc . At any time after any Fixed Rate Notes have been declared due and payable pursuant to Section 8.2(b) or (c), the Fixed Rate Note Holders, by written notice to the Borrower, may rescind and annul any such declaration and its consequences if (a) the Borrower has paid all overdue interest on the Fixed Rate Notes and all principal of on any Fixed Rate Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and (to the extent permitted by applicable law) any overdue interest in respect of the Fixed Rate Notes, at the Default Rate, (b) neither the Borrower nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured.

ARTICLE 9.

[RESERVED]

ARTICLE 10.

MISCELLANEOUS

10.1. Amendments . (a) Neither this Agreement or any other Note Document, nor any terms hereof or thereof, may be amended or modified except in accordance with the provisions of this Section 10.1. (1) The Required Fixed Rate Note Holders may waive, on such terms and conditions as the Required Fixed Rate Note Holders may specify in such instrument, any of the requirements of this Agreement or the other Note Documents or any Default or Event of Default and its consequences, and (2) the Required Fixed Rate Note Holders and the Borrower may enter into written amendments, supplements or modifications hereto and to the other Note Documents to which they are parties for the purpose of adding any provisions to this Agreement or such other Note Documents or changing in any manner the rights of the Fixed Rate Note Holders or of the Borrower hereunder or thereunder; provided, however, for purposes of the foregoing clauses (a)and (b), that no such waiver and no such amendment, supplement or modification shall:

(A) Forgive the principal amount or extend the final scheduled date of maturity of the Fixed Rate Notes, reduce the stated rate of any interest or fee payable hereunder (except in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Fixed Rate Note Holders)) or extend the scheduled date of any payment thereof, in each case without the written consent of each Fixed Rate Note Holder directly affected thereby;

(B) eliminate or reduce the voting rights of any Fixed Rate Note Holder under this Section 10.1 without the written consent of such Fixed Rate Note Holder;

(C) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Note Documents;

(D) amend, modify or waive any provision of Section 2.9 in a way that changes the pro rata sharing of payments among the Fixed Rate Note Holders without the written consent of all Fixed Rate Note Holders;

(E) reduce the percentage specified in the definition of Required Fixed Rate Note Holders without the written consent of all Fixed Rate Note Holders; or

10.2. Addresses . All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received during the recipient's normal business hours, addressed, if to any Fixed Rate Note Holder, to such Person at the address specified for such communications in **Schedule A** , of, if to the Borrower, as follows, or, in each case, to such other address as may be hereafter notified by the respective parties hereto:

Borrower:

Sharyland Distribution & Transmission Services, L.L.C.
Address: 1807 Ross Avenue, 4th Floor
Dallas, TX 75201-2300
Attention: Brant Meleski
e-mail: bmeleski@huntutility.com
Telecopy: (212) 449-7938
Telephone: (212) 449-7148
Cc: Greg Imhoff

provided that any notice, request or demand to or upon the Fixed Rate Note Holders shall not be effective until received during its normal business hours.

Notices and other communications to the Fixed Rate Note Holders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Fixed Rate Note Holders. Any Fixed Rate Note Holder or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

10.3. No Waiver; Cumulative Remedies .

(a) No failure or delay of any Fixed Rate Note Holder in exercising any right or power hereunder or under any other Note Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce any such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(b) The rights and remedies of the Fixed Rate Note Holders hereunder and under the other Note Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have.

10.4. Survival of Representations and Warranties . All representations and warranties made hereunder, in the other Note Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

10.5. Payment of Expenses and Taxes . The Borrower agrees (a) to pay or reimburse the Fixed Rate Note Holders for all reasonable costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Note Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of one counsel and one regulatory counsel on behalf of the Fixed Rate Note Holders, filing and recording fees and expenses, and the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO, with statements with respect to the foregoing to be submitted to the Borrower from time to time thereafter, (b) to pay or reimburse each Fixed Rate Note Holder for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Note Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Fixed Rate Note Holder, (c) to pay, indemnify, and hold each Fixed Rate Note Holder harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Note Documents and any such other documents, and (d) to pay, indemnify, and hold each Fixed Rate Note Holder and its officers, directors, employees, affiliates, agents, advisors and controlling Persons (each, an “Indemnitee”) harmless from and against any and all other liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Note Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Fixed Rate Notes, the Equity Letter of Credit, any of the transactions contemplated by the Note Documents or the non-compliance by any party with the provisions thereof or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower and the reasonable fees and expenses of legal counsel in connection with claims (including Environmental Claims), actions or proceedings by any Indemnitee against the Borrower under any Note Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert, and hereby waives, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that it might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than ten (10) days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Kristin Boyd, at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Fixed Rate Note Holders. The agreements in this Section 10.5 shall survive repayment of the Fixed Rate Notes and all other amounts payable hereunder.

10.6. Successors and Assigns; Participations and Assignments .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Fixed Rate Note Holder (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Fixed Rate Note Holder may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 10.6.

(b) (i) Any Fixed Rate Note Holder may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Fixed Rate Note); provided that the General Partner and Operating Partnership shall have a 'right of first offer' with respect to all assignments of the Fixed Rate Note.

(c) For any assignment, the assigning Fixed Rate Note Holder shall, promptly after the effectiveness of any such assignment, notify the Borrower thereof; provided that the assignment shall be effective regardless of whether such notice is provided.

(d) By its acquisition of any part of the Fixed Rate Notes, an Affiliated Fixed Rate Note Holder shall be deemed to have acknowledged and agreed that (i) it shall not have any right to make or bring (or participate in, other than as a passive participant in or recipient of its

pro rata benefits of) any claim, in its capacity as a Fixed Rate Note Holder, against any other Fixed Rate Note Holder with respect to any duties or obligations or alleged duties or obligations of any such Fixed Rate Note Holder under the Note Documents, (ii) the Fixed Rate Notes held by an Affiliated Fixed Rate Note Holder shall be disregarded in both the numerator and denominator in the calculation of any Fixed Rate Note Holder vote and (iii) the aggregate principal amount of Fixed Rate Notes held at any one time by Affiliated Fixed Rate Note Holder may not exceed 30% of the principal amount of the Fixed Rate Notes outstanding at such time under this Agreement.

10.7. Representations and Warranties of the Fixed Rate Note Holder; Registration and Exchange of Fixed Rate Notes .

(a) Each Fixed Rate Note Holder severally represents that it is an "Accredited Investor" as defined in Rule 501 of Regulation D under the Securities Act. Each Fixed Rate Note Holder severally represents that it is purchasing the Fixed Rate Notes for its own account or for one or more separate accounts maintained by such Fixed Rate Note Holder or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Fixed Rate Note Holder's property shall at all times be within such Fixed Rate Note Holder's control. Each Fixed Rate Note Holder understands that the Fixed Rate Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Borrower is not required to register the Fixed Rate Notes.

(b) The Borrower shall keep at its principal executive office a register for the registration and registration of transfers of Fixed Rate Notes. The name and address of each Fixed Rate Note Holder of one or more Fixed Rate Notes, each transfer thereof and the name and address of each transferee of one or more Fixed Rate Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Fixed Rate Notes shall be registered shall be deemed and treated as the owner and Fixed Rate Note Holder thereof for all purposes hereof, and the Borrower shall not be affected by any notice or knowledge to the contrary. In addition to and not in limitation of any representations contained herein, each Fixed Rate Note Holder acknowledges and agrees that the Fixed Rate Notes have not been registered under the Securities Act and may not be transferred except pursuant to registration or an exemption therefrom and in compliance with Section 10.6 hereof.

(c) Subject to compliance with Section 10.6, upon surrender of any Fixed Rate Note to the Borrower at the address and to the attention of the designated officer (all as specified in Section 10.2) for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered Fixed Rate Note Holder of such Fixed Rate Note or such Fixed Rate Note Holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Fixed Rate Note or part thereof), within ten Business Days thereafter, the Borrower shall execute and deliver, at the Borrower's expense (except as provided below), one or more new Fixed Rate Notes (as requested by the Fixed Rate Note Holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Fixed Rate Note. Each such new Fixed Rate Note shall be

payable to such Person as such Fixed Rate Note Holder may request and shall be substantially in the form of Exhibit A. Each such new Fixed Rate Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Fixed Rate Note or dated the date of the surrendered Fixed Rate Note if no interest shall have been paid thereon. The Borrower may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Fixed Rate Notes. Any transferee, by its acceptance of a Fixed Rate Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in Section 10.7(a).

10.8. Adjustments; Set-off .

(a) Except to the extent that this Agreement, any other Note Document or a court order expressly provides for payments to be allocated to a particular Fixed Rate Note Holder or to the Fixed Rate Note Holders, if any Fixed Rate Note Holder (a " Benefited Fixed Rate Note Holder ") shall receive any payment of all or part of the Obligations owing to it (other than in connection with an assignment made pursuant to Section 10.6), or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8.1(k), or otherwise), in a greater proportion than any such payment to or collateral received by any other Fixed Rate Note Holder, if any, in respect of the Obligations owing to such other Fixed Rate Note Holder, such Benefited Fixed Rate Note Holder shall purchase for cash from the other Fixed Rate Note Holders a participating interest in such portion of the Obligations owing to each such other Fixed Rate Note Holder, or shall provide such other Fixed Rate Note Holders with the benefits of any such collateral, as shall be necessary to cause such Benefited Fixed Rate Note Holder to share the excess payment or benefits of such collateral ratably with each of the Fixed Rate Note Holders; provided , however , that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Fixed Rate Note Holder, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Fixed Rate Note Holders provided by law, each Fixed Rate Note Holder shall have the right, without notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any Obligations becoming due and payable by the Borrower (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by set-off or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Fixed Rate Note Holder, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Borrower. Each Fixed Rate Note Holder agrees promptly to notify the Borrower after any such application made by such Fixed Rate Note Holder, provided that the failure to give such notice shall not affect the validity of such application.

10.9. Entire Agreement . This Agreement, together with other agreements attached hereto or referred to herein and the other Note Documents constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Note Documents.

10.10. APPLICABLE LAW . THIS AGREEMENT AND ANY CLAIM OR CONTROVERSY ARISING HEREUNDER OR RELATED HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

10.11. Submission To Jurisdiction; Waivers .

(a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by law, in such federal court. The Borrower further irrevocably consents to the service of process in any action or proceeding in such courts in any manner permitted by Requirements of Law. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

10.12. Severability . In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

10.13. Interpretation . The section headings in this Agreement are for the convenience of reference only and shall not affect the meaning or construction of any provision hereof.

10.14. Acknowledgements . The Borrower hereby acknowledges that it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Note Documents.

10.15. Limitation on Liability . NO CLAIM SHALL BE MADE BY ANY PARTY HERETO, OR ANY OF SUCH PARTY'S AFFILIATES, DIRECTORS, EMPLOYEES, ATTORNEYS OR AGENTS AGAINST ANY OTHER PARTY HERETO OR ANY OF ITS AFFILIATES, DIRECTORS, EMPLOYEES, ATTORNEYS OR AGENTS FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (WHETHER OR NOT THE CLAIM THEREFOR IS BASED ON CONTRACT, TORT, DUTY IMPOSED BY LAW OR OTHERWISE), IN CONNECTION WITH, ARISING OUT OF OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER NOTE DOCUMENTS OR ANY ACT OR OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH; AND EACH PARTY HEREBY WAIVES, RELEASES AND

AGREES NOT TO SUE UPON ANY SUCH CLAIM FOR ANY SUCH SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

10.16. Waiver of Jury Trial . **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER NOTE DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.16.**

10.17. Confidentiality . Each Fixed Rate Note Holder agrees to keep confidential all non-public information provided to it by the Borrower or any Fixed Rate Note Holder pursuant to or in connection with this Agreement that is designated by the provider thereof as confidential; provided that nothing herein shall prevent any Fixed Rate Note Holder from disclosing any such information (a) to any other Fixed Rate Note Holder or any affiliate thereof, (b) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (c) upon the request or demand of any Governmental Authority, (d) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirements of Law, (e) if requested or required to do so in connection with any litigation or similar proceeding, (f) that has been publicly disclosed, (g) to the National Association of Insurance Commissioners or the SVO, or, in each case, any similar organization or any nationally recognized rating agency that requires access to information about a Fixed Rate Note Holder's investment portfolio in connection with ratings issued with respect to such Fixed Rate Note Holder, (h) in connection with the exercise of any remedy hereunder or under any other Note Document, or (i) if agreed by the Borrower in its sole discretion, to any other Person.

Each Fixed Rate Note Holder acknowledges that information furnished to it pursuant to this Agreement or the other Note Documents may include material non-public information concerning the Borrower and its Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by the Borrower pursuant to, or in the course of administering, this Agreement or the other Note Documents will be syndicate-level information, which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities. Accordingly, each Fixed Rate Note Holder represents to the Borrower that it has

identified in its administrative questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

10.18. Counterparts . This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective when executed and delivered by each Person intended to be a party hereto. Delivery of an executed counterpart to this Agreement by facsimile transmission or "pdf" electronic format shall be as effective as delivery of a manually signed original.

10.19. Third Party Beneficiaries . Subject to Section 10.5 of this Agreement, there shall be no third party beneficiaries to this Agreement or any provision hereof.

10.20. Patriot Act Compliance . Pursuant to the requirements of the Patriot Act, each Fixed Rate Note Holder shall be required to obtain, verify and record information that identifies the party, which information includes the names and addresses and other information that will allow it to identify the party in accordance with the requirements of the Patriot Act. The party shall promptly deliver information described in the immediately preceding sentence when requested by any Fixed Rate Note Holder in writing pursuant to the requirements of the Patriot Act.

10.21. Amendment and Restatement . This Agreement amends and restates the Original Credit Agreement in its entirety.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

Very truly yours,

SHARYLAND PROJECTS, L.L.C.

By: /s/ Brant Meleski
Name: Brant Meleski
Title: Senior Vice President and Chief Financial Officer

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Richard P. Carrell
Name: Richard P. Carrell
Title: Vice President

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY

By: /s/ Richard P. Carrell
Name: Richard P. Carrell
Title: Assistant Vice President

PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Richard P. Carrell
Name: Richard P. Carrell
Title: Vice President

EXHIBIT A
TO AMENDED AND RESTATED CREDIT AGREEMENT

FORM OF FIXED RATE NOTE [1]
SHARYLAND PROJECTS, L.L.C.
5.04% Senior Secured Note Due June 20, 2018

No. R-[ ] [ ], [ ]
$[ ] PPN [ ]

FOR VALUE RECEIVED, the undersigned, SHARYLAND PROJECTS, L.L.C. (herein called the " Borrower "), a limited liability company organized and existing under the laws of the State of Texas, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS ($[ ]) (or so much thereof as shall not have been prepaid) on June 20, 2018, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.04% per annum from the date hereof, payable quarterly, on the 30th day of March, June, September and December in each year, commencing with the March 30th, June 30th, September 30th or December 30th next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to 7.04%, payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Fixed Rate Note are to be made in lawful money of the United States of America at JPMorgan Chase Bank, National Association in New York, NY or at such other place as the Borrower shall have designated by written notice to the holder of this Fixed Rate Note as provided in the Credit Agreement referred to below.

This Fixed Rate Note is one of a series of fixed rate notes (herein called the " Fixed Rate Notes ") issued pursuant to the Amended and Restated Credit Agreement, dated as of December 3, 2015 (as from time to time amended, the " Credit Agreement "), among the Borrower (as successor-in-interest to Sharyland Projects, L.L.C.), the Fixed Rate Note Holders and the other Persons from time to time parties thereto. Each holder of this Fixed Rate Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 10.17 of the Credit Agreement. Unless otherwise indicated, capitalized terms used in this Fixed Rate Note shall have the respective meanings ascribed to such terms in the Credit Agreement.

This Fixed Rate Note is a registered Note and, as provided in the Credit Agreement, upon surrender of this Fixed Rate Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Fixed Rate Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Borrower may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Borrower will not be affected by any notice to the contrary.

The Borrower will make required prepayments of principal on the dates and in the amounts specified in the Credit Agreement. This Fixed Rate Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Credit Agreement, but not otherwise.

[1] If issued prior to the consummation of the Merger.

If an Event of Default occurs and is continuing, the principal of this Fixed Rate Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Credit Agreement.

This Fixed Rate Note shall be construed and enforced in accordance with, and the rights of the Borrower and the holder of this Fixed Rate Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

[*Signature page follows*]

SHARYLAND PROJECTS, L.L.C.

By: _____
Name:
Title:

EXHIBIT A
TO AMENDED AND RESTATED CREDIT AGREEMENT

FIXED RATE NOTE [2]
SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.
5.04% Senior Secured Note Due June 20, 2018

No. R-[ ] [ ], [ ]
$[ ] PPN [ ]

FOR VALUE RECEIVED, the undersigned, SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C. (herein called the " Borrower "), a limited liability company organized and existing under the laws of the State of Texas, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS ($[ ]) (or so much thereof as shall not have been prepaid) on June 20, 2018, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.04% per annum from the date hereof, payable quarterly, on the 30th day of March, June, September and December in each year, commencing with the March 30th, June 30th, September 30th or December 30th next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to 7.04%, payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Fixed Rate Note are to be made in lawful money of the United States of America at JPMorgan Chase Bank, National Association in New York, NY or at such other place as the Borrower shall have designated by written notice to the holder of this Fixed Rate Note as provided in the Credit Agreement referred to below.

This Fixed Rate Note is one of a series of fixed rate notes (herein called the " Fixed Rate Notes ") issued pursuant to the Amended and Restated Credit Agreement, dated as of December 3, 2015 (as from time to time amended, the " Credit Agreement "), among the Borrower (as successor-in-interest to Sharyland Projects, L.L.C.), the Fixed Rate Note Holders and the other Persons from time to time parties thereto. Each holder of this Fixed Rate Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 10.20 of the Credit Agreement. Unless otherwise indicated, capitalized terms used in this Fixed Rate Note shall have the respective meanings ascribed to such terms in the Credit Agreement.

This Fixed Rate Note is a registered Note and, as provided in the Credit Agreement, upon surrender of this Fixed Rate Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Fixed Rate Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Borrower may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Borrower will not be affected by any notice to the contrary.

---

2 If issued after the consummation of the Merger.

The Borrower will make required prepayments of principal on the dates and in the amounts specified in the Credit Agreement. This Fixed Rate Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Credit Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Fixed Rate Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Credit Agreement.

This Fixed Rate Note shall be construed and enforced in accordance with, and the rights of the Borrower and the holder of this Fixed Rate Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

[*Signature page follows*]

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

By: _____

Name: Brent Meleski

Title: Senior Vice President and Chief Financial Officer

Exhibit A-3

SUBSIDIARY GUARANTY

made by

certain Subsidiaries of

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.
(the " Borrower "),

in favor of

the Fixed Rate Note Holders

Dated as of [ ], 20[ ]

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SCHEDULES

Schedule 1 Notice Addresses

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of [ ], 20[ ] (as amended, supplemented or otherwise modified from time to time, this " Agreement ") made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the " Subsidiary Guarantors "), in favor of the Fixed Rate Note Holders (as defined therein) under that certain Amended and Restated Credit Agreement, dated as of December 3, 2015 (as amended, supplemented or otherwise modified from time to time, the " Credit Agreement "), among SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C. (the " Borrower "), a Texas limited liability company and a wholly-owned Subsidiary of Transmission and Distribution Company L.L.C. and the Fixed Rate Note Holders party thereto.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Borrower has issued the Fixed Rate Notes (as defined therein) upon the terms and subject to the conditions set forth therein;

WHEREAS, pursuant to Section 6.9(d) of the Credit Agreement, if the Borrower acquires or creates any new Subsidiary (other than any Subsidiary of the Company that is not organized under the laws of the United States, any state thereof or the District of Columbia, any Project Finance Subsidiary and any other Subsidiary that is prohibited from providing a Guaranty of the Obligations by any Requirement of Law), each such Subsidiary will be required to execute and deliver this Agreement to the Fixed Rate Note Holders; and

WHEREAS, the Borrower and the Subsidiary Guarantors shall be engaged in related businesses, and each Subsidiary Guarantor will derive substantial direct and indirect benefit from the Borrower's continued compliance with the terms and provisions of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises, each Subsidiary Guarantor hereby agrees with the Fixed Rate Note Holders as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions . (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

" Agreement ": as defined in the preamble hereto.

" Commodity Exchange Act ": the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

" Guaranteed Obligations ": collectively, the unpaid principal of and interest on (including interest accruing after the maturity of the Fixed Rate Notes and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Fixed Rate Notes and all other obligations and liabilities of the Borrower to any Fixed Rate Note Holder, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Note Document or any other document made, delivered or given in connection herewith or

therewith, whether on account of principal, interest, Make Whole Amount, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to any Fixed Rate Note Holder that are required to be paid by the Borrower pursuant hereto) or otherwise (whether or not evidenced by any note or instrument and whether or not for the payment of money).

" Subsidiary Guarantors ": as defined in the preamble hereto.

" Termination Date ": as defined in Section 2.1(d).

1.2 Other Definitional Provisions . (a) The words "hereof," "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. GUARANTEE

2.1 Guarantee . (a) Each of the Subsidiary Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Fixed Rate Note Holders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligations.

(b) Anything herein or in any other Financing Document to the contrary notwithstanding, the maximum liability of each Subsidiary Guarantor hereunder and under the other Note Documents shall in no event exceed the amount which can be guaranteed by such Subsidiary Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Subsidiary Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of such Subsidiary Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of any Fixed Rate Note Holder hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Guaranteed Obligations shall have been satisfied by payment in full (other than contingent obligations (including indemnity obligations) for which no claims have been made) (the " Termination Date ").

(e) No payment made by the Borrower, any of the Subsidiary Guarantors, any other subsidiary guarantor or any other Person or received or collected by any Fixed Rate Note Holder from the Borrower, any of the Subsidiary Guarantors, any other subsidiary guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranteed Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Subsidiary Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such

Subsidiary Guarantor in respect of the Guaranteed Obligations or any payment received or collected from such Subsidiary Guarantor in respect of the Guaranteed Obligations), Guaranteed Obligations up to the maximum liability of such Subsidiary Guarantor hereunder until the Termination Date.

2.2 Right of Contribution . Each Subsidiary Guarantor hereby agrees that to the extent that a Subsidiary Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Subsidiary Guarantor shall be entitled to seek and receive contribution from and against any other Subsidiary Guarantor hereunder which has not paid its proportionate share of such payment. Each Subsidiary Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Fixed Rate Note Holders, and each Subsidiary Guarantor shall remain liable to the Fixed Rate Note Holders for the full amount guaranteed by such Subsidiary Guarantor hereunder.

2.3 No Subrogation . Notwithstanding any payment made by any Subsidiary Guarantor hereunder or any set-off or application of funds of any Subsidiary Guarantor by any Fixed Rate Note Holder, no Subsidiary Guarantor shall be entitled to be subrogated to any of the rights of any Fixed Rate Note Holder against the Borrower or any other Subsidiary Guarantor or any collateral security or guarantee or right of offset held by any Fixed Rate Note Holder for the payment of the Guaranteed Obligations, nor shall any Subsidiary Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Subsidiary Guarantor in respect of payments made by such Subsidiary Guarantor hereunder, until the Termination Date. If any amount shall be paid to any Subsidiary Guarantor on account of such subrogation rights at any time prior to the Termination Date, such amount shall be held by such Subsidiary Guarantor in trust for the Fixed Rate Note Holders, segregated from other funds of such Subsidiary Guarantor, and shall, until either turned over to the Fixed Rate Note Holders to be applied against the Guaranteed Obligations or the Termination Date.

2.4 Amendments, etc. with respect to the Guaranteed Obligations . Each Subsidiary Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Subsidiary Guarantor and without notice to or further assent by any Subsidiary Guarantor, any demand for payment of any of the Guaranteed Obligations made by any Fixed Rate Note Holder may be rescinded by the such Fixed Rate Note Holder and any of the Guaranteed Obligations continued, and the Guaranteed Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Fixed Rate Note Holder, and the Credit Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Required Fixed Rate Note Holders or all Fixed Rate Note Holders, as the case may be, may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Fixed Rate Note Holder for the payment of the Guaranteed Obligations may be sold, exchanged, waived, surrendered or released. No Fixed Rate Note Holder shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guaranteed Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional . Each Subsidiary Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Fixed Rate Note Holder upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Subsidiary Guarantors, on the one hand, and the Fixed Rate Note Holders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Subsidiary Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Subsidiary Guarantors with respect to the Guaranteed Obligations. Each Subsidiary Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Financing Document, any of the Guaranteed Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Fixed Rate Note Holder, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against any Fixed Rate Note Holder, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Subsidiary Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Guaranteed Obligations, or of such Subsidiary Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Subsidiary Guarantor, any Fixed Rate Note Holder may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Subsidiary Guarantor or any other Person or against any collateral security or guarantee for the Guaranteed Obligations or any right of offset with respect thereto, and any failure by any Fixed Rate Note Holder to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Subsidiary Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Subsidiary Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Subsidiary Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Fixed Rate Note Holder against any Subsidiary Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement . The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by any Fixed Rate Note Holder upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Subsidiary Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Subsidiary Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments . Each Subsidiary Guarantor hereby guarantees that payments hereunder will be paid to the Fixed Rate Note Holders without set-off or counterclaim in Dollars at the in accordance with Section 2.9 of the Credit Agreement.

SECTION 3. REPRESENTATIONS AND WARRANTIES

Each Subsidiary Guarantor represents and warrants to each Fixed Rate Note Holder that:

3.1 Credit Agreement Representations and Warranties . The representations and warranties contained in Article 5 of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Subsidiary Guarantor and its properties, are true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Agreement by this reference as though specifically set forth in this Article.

3.2 Financial Condition, etc . Each Subsidiary Guarantor (a) has knowledge of the financial condition and affairs of the Borrower and each other Subsidiary Guarantor, (b) has adequate means to obtain from the Borrower and each other Subsidiary Guarantor, on an ongoing basis, information relating thereto and to such Person's ability to pay and perform the its obligations under this Agreement, the Credit Agreement, and the other Note Documents, and (c) agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Agreement is in effect. Each Subsidiary Guarantor acknowledges and agrees that each Fixed Rate Note Holder shall have no obligation to investigate the financial condition or affairs of the Borrower or any other Subsidiary Guarantor for the benefit of such Subsidiary Guarantor nor to advise such Subsidiary Guarantor of any fact respecting, or any change in, the financial condition or affairs of the Borrower or any other Subsidiary Guarantor that might become known to any Fixed Rate Note Holder at any time, whether or not such Fixed Rate Note Holder knows or believes or has reason to know or believe that any such fact or change is unknown to such Subsidiary Guarantor, or might (or does) materially increase the risk of such Subsidiary Guarantor as guarantor, or might (or would) affect the willingness of such Subsidiary Guarantor to continue as a guarantor of the Guaranteed Obligations.

3.3 Best Interests . It is in the best interests of each Subsidiary Guarantor to execute this Agreement inasmuch as such Subsidiary Guarantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Borrower's continued compliance with the terms and provisions of the Credit Agreement, and each Subsidiary Guarantor agrees that and each Fixed Rate Note Holder is relying on this representation.

SECTION 4. COVENANTS, ETC.

Each Subsidiary Guarantor covenants and agrees that it will perform, comply with and be bound by all of the agreements, covenants and obligations contained in the Credit Agreement (including Articles 6 and 7 of the Credit Agreement) which are applicable to such

Subsidiary Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Agreement by this reference as though specifically set forth in this Article.

SECTION 5. MISCELLANEOUS

5.1 Amendments in Writing . None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by written agreement of the Subsidiary Guarantors and the Required Fixed Rate Note Holders; provided that (i) in the case of the release of a Subsidiary Guarantor from this Agreement, only the Required Fixed Rate Note Holders will be required to execute such writing and (ii) in the case of the addition of a Subsidiary Guarantor to this Agreement pursuant to Section 5.14 , only such additional Subsidiary Guarantor will be required to execute such writing.

5.2 Notices . All notices, requests and demands to or upon the Fixed Rate Note Holders or any Subsidiary Guarantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement; provided that any such notice, request or demand to or upon any Subsidiary Guarantor shall be addressed to such Subsidiary Guarantor at its notice address set forth on Schedule 1.

5.3 No Waiver by Course of Conduct; Cumulative Remedies . No Fixed Rate Note Holder shall by any act (except by a written instrument pursuant to Section 5.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Fixed Rate Note Holder, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Fixed Rate Note Holder of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Fixed Rate Note Holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

5.4 Enforcement Expenses; Indemnification . (a) Each Subsidiary Guarantor agrees to pay or reimburse each Fixed Rate Note Holder for all its costs and expenses incurred in collecting against such Subsidiary Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Note Documents to which such Subsidiary Guarantor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Fixed Rate Note Holder.

(b) Each Subsidiary Guarantor agrees to pay, and to hold the Fixed Rate Note Holders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable in connection with any of the transactions contemplated by this Agreement.

(c) Each Subsidiary Guarantor agrees to pay, and to hold the Fixed Rate Note Holders harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 10.5 of the Credit Agreement.

(d) The agreements in this Section 5.4 shall survive repayment of the Guaranteed Obligations and all other amounts payable under the Credit Agreement and the other Note Documents.

5.5 Successors and Assigns . This Agreement shall be binding upon the successors and assigns of each Subsidiary Guarantor and shall inure to the benefit of the Fixed Rate Note Holders and their successors and assigns; provided that no Subsidiary Guarantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Fixed Rate Note Holders (except as permitted under the Credit Agreement).

5.6 Set-Off . In addition to any rights and remedies of the Fixed Rate Note Holders provided by law, each Fixed Rate Note Holder shall have the right, without notice to any Subsidiary Guarantor, any such notice being expressly waived by each Subsidiary Guarantor to the extent permitted by applicable law, upon any Guaranteed Obligations becoming due and payable by any Subsidiary Guarantor (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Guaranteed Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Fixed Rate Note Holder or any affiliate thereof to or for the credit or the account of such Subsidiary Guarantor. Each Fixed Rate Note Holder agrees promptly to notify the relevant Subsidiary Guarantor after any such application made by such Fixed Rate Note Holder, provided that the failure to give such notice shall not affect the validity of such application.

5.7 Counterparts . This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by email or telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

5.8 Severability . Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.9 Section Headings . The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

5.10 Integration/Conflict . This Agreement and the other Note Documents represent the entire agreement of the Subsidiary Guarantors, the Borrower and the Fixed Rate Note

Holders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Fixed Rate Note Holder relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Note Documents. In the event of a conflict or inconsistency between the provisions hereof and the Credit Agreement, the provisions of the Credit Agreement shall control. For the avoidance of doubt, no provision hereunder shall prohibit any transaction that is expressly permitted under the Credit Agreement.

5.11 GOVERNING LAW . THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

5.12 Submission To Jurisdiction; Waivers . Each Subsidiary Guarantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Subsidiary Guarantor at its address referred to in Section 5.2 or at such other address of which the Fixed Rate Note Holders shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

5.13 Acknowledgements . Each Subsidiary Guarantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Note Documents to which it is a party;

(b) no Fixed Rate Note Holder has any fiduciary relationship with or duty to any Subsidiary Guarantor arising out of or in connection with this Agreement or any of the other Note Documents, and the relationship between the Subsidiary Guarantors, on the one hand, and the Fixed Rate Note Holders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Note Documents or otherwise exists by virtue of the transactions contemplated hereby among the Fixed Rate Note Holders or among the Subsidiary Guarantors and the Fixed Rate Note Holders.

5.14 Additional Subsidiary Guarantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 6.9(d) of the Credit Agreement shall become a Subsidiary Guarantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of a counterpart of this Agreement. The execution and delivery of this Agreement shall not require the consent of any other Subsidiary Guarantor hereunder, and the rights and obligations of each Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

5.15 **WAIVER OF JURY TRIAL . EACH SUBSIDIARY GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

5.16 Release. Upon the occurrence of the Termination Date, each Subsidiary Guarantor's obligations under this Agreement shall be automatically terminated, discharged and released (except for any and all indemnity, expense or other obligations of the Borrower and Subsidiary Guarantors under the Credit Agreement which by the express terms of the Credit Agreement survive the payment in full of the Notes and the termination of the Credit Agreement, which shall continue in full force and effect). The Collateral Agent and the Fixed Rate Note Holders shall execute and deliver to the Subsidiary Guarantor any and all releases, instruments and other documents as such Subsidiary Guarantor reasonably requests in order to evidence or otherwise give public notice of such terminations and releases (provided that any and all expenses relating to the preparation, execution, delivery and/or recordation of any such terminations and releases (and all documentation with respect thereto) shall be paid by such Subsidiary Guarantor).

IN WITNESS WHEREOF, each of the undersigned has caused this Subsidiary Guaranty to be duly executed and delivered as of the date first above written.

[NAME OF SUBSIDIARY GUARANTOR]

By: _____

Title:

Schedule 1

NOTICE ADDRESS OF SUBSIDIARY GUARANTOR

Exhibit B-13

Schedule A
to Amended and Restated Credit Agreement

PURCHASER SCHEDULE
Sharyland Distribution & Transmission Services, L.L.C.
5.04% Senior Secured Note Due June 20, 2018

		Aggregate Principal Amount of Notes to be Purchased	Note Denomination(s)
	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	**$48,652,311.00**	$48,652,311.00

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021
Account Name: Prudential Managed Portfolio
Account No.: P86188 (please do not include spaces)

Each such wire transfer shall set forth the name of the Company, a reference to "5.04% Senior Secured Notes due June 20, 2018, Security No. INV10794, PPN " and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) Address for all communications and notices:

The Prudential Insurance Company of America
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

The Prudential Insurance Company of America
c/o Prudential Investment Management, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102
Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: William H. Bulmer
Telephone: (214) 720-6204

(4) Tax Identification No.: 22-1211670

		Aggregate Principal Amount of Notes to be Purchased	Note Denomination(s)
	PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY	**$6,000,000.00**	$ 6,000,000.00

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021
Account No.: P86202 (please do not include spaces)
Account Name: Pruco Life of New Jersey Private Placement

Each such wire transfer shall set forth the name of the Company, a reference to "5.04% Senior Secured Notes due June 20, 2018, Security No. INV10794, PPN " and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) Address for all communications and notices:

Pruco Life Insurance Company of New Jersey
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

Pruco Life Insurance Company of New Jersey
c/o Prudential Investment Management, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102

Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: William H. Bulmer
Telephone: (214) 720-6204

(4) Tax Identification No.: 22-2426091

	Aggregate Principal Amount of Notes to be Purchased	Note Denomination(s)
PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION	**$5,347,689.00**	$ 5,347,689.00

(1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank
New York, NY
ABA No.: 021-000-021
Account Name: Prudential Annuities Life Assurance Corporation
Account No.: P01309 (please do not include spaces)

Each such wire transfer shall set forth the name of the Company, a reference to "5.04% Senior Secured Notes due June 20, 2018, Security No. INV10794, PPN " and the due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.

(2) Address for all communications and notices:

Prudential Annuities Life Assurance Corporation
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: Managing Director, Energy Finance Group - Power

and for all notices relating solely to scheduled principal and interest payments to :

Prudential Annuities Life Assurance Corporation
c/o Prudential Investment Management, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102
Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group
2200 Ross Avenue, Suite 4300
Dallas, TX 75201

Attention: William H. Bulmer
Telephone: (214) 720-6204

(4) Tax Identification No.: 06-1241288

THIRD AMENDED AND RESTATED

LEASE AGREEMENT
(CREZ ASSETS)

between

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

and

SHARYLAND UTILITIES, L.P.

December 4, 2015

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THIRD AMENDED AND RESTATED

LEASE AGREEMENT

(CREZ ASSETS)

This THIRD AMENDED AND RESTATED LEASE AGREEMENT (CREZ ASSETS) (this " *Agreement* ") is entered into effective as of December 4, 2015 (the " *Effective Date* "), between Sharyland Distribution & Transmission Services, L.L.C. (together with its permitted transferees, successors and assigns, " *Lessor* "), and Sharyland Utilities, L.P. (together with its permitted transferees, successors and assigns, " *Lessee* "), and in connection herewith, Lessor and Lessee agree, covenant and contract as set forth in this Agreement. Lessor and Lessee are sometimes referred to in this Agreement as a " *Party* " or collectively as the " *Parties* ".

Certain capitalized terms used in this Agreement have the meaning assigned to them in Appendix A attached hereto.

WITNESSETH:

WHEREAS, Sharyland Projects, L.L.C. (" *Sharyland Projects* ") and Lessee entered into that certain Second Amended and Restated Lease Agreement effective as of December 1, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " *Second Amended and Restated Lease* "), pursuant to which Lessee leased the CREZ Lease Assets from Sharyland Projects;

WHEREAS, effective as of December 3, 2015, Sharyland Projects merged with and into Lessor, with Lessor surviving and succeeding to Sharyland Projects' rights and obligations under the Second Amended and Restated Lease; and

WHEREAS, the Parties wish to amend and restate the Second Amended and Restated Lease to reflect that Lessor is a party and to make certain other changes as set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto hereby amend and restate the terms of the Second Amended and Restated Lease as follows:

ARTICLE I
LEASE

1.1 ***Lease of CREZ Assets*** .

(a) Upon the terms and conditions set forth in this Agreement, Lessor hereby grants to Lessee the exclusive right to use and operate the CREZ Lease Assets. Subject to necessary regulatory approvals and the final paragraph of Section 1.1(b), this Agreement is intended by Lessor and Lessee to be a master lease of the CREZ Lease Assets, as they existed as of June 20, 2011 (the " *Original Lease Date* "), as they have been altered by the completion of the construction of the CREZ Project and as it has been or may continue to be altered or expanded thereafter by Footprint Projects in which Lessor has an interest or by other additions of assets to this Agreement as Footprint Projects pursuant to Rent Supplements.

(b) The CREZ Assets shall consist of (x) the original assets leased by Sharyland Projects to Lessee as of the Original Lease Date, (y) assets that constitute Footprint Projects, other than any such Footprint Projects funded by Lessee pursuant to Section 10.3 (except as otherwise provided in Section 10.3), and (z) any components of the CREZ Assets that are repaired or replaced pursuant to Section 6.1. The CREZ Assets shall consist of the Transmission Lines, the Collection Stations and each of the following components which are owned by Lessor as of the date hereof (or that are described within clause (y) or clause (z) above) and that are located within the area depicted on Exhibit A:

(i) towers and poles affixed to the land, and all necessary and proper foundations, footings, crossarms and other appliances and fixtures for use in connection with said towers, poles and lines;

(ii) overhead, underground and underwater electrical distribution, transmission and communications lines, together with related ductwork and insulators;

(iii) electric substation and switching facilities, including all associated transformers, circuit breakers, resistors, capacitors, buses, interconnection and switching facilities, control and protection equipment which monitors the CREZ Assets, and the building housing the foregoing items;

(iv) electric meters required to operate the CREZ Assets;

(v) real estate assets, including real property, interests in real property or real property rights (as defined in Section 856(c)(5)(B) of the Code and the regulations promulgated thereunder, and not otherwise included in Sections 1.1(b)(i)-1.1(b)(iv) above) owned or leased by Lessor and underlying the CREZ Assets, including, without limitation, easements, licenses, rights of way and other real property interests located within the area depicted on Exhibit A or such other area as may be depicted in a Rent Supplement; or

(vi) all other systems or property owned or leased by Lessor, as identified in the uniform system of accounts for major electric utilities, 18 C.F.R. Part 101, as adopted and amended from time to time by FERC (the " *FERC Uniform System of Accounts* ") (not otherwise included in Sections 1.1(b)(i)-1.1(b)(v) above).

The CREZ Assets exclude, for the avoidance of doubt, the Transmission Operation Center and the transmission and distribution related assets included in the Backup Operations Center located in Amarillo, Texas, which are currently owned by Lessor and leased to Lessee pursuant to the McAllen Lease. Notwithstanding anything to the contrary in this Agreement, the Parties do not intend or agree to enter into a lease with respect to any Footprint Project or other alteration, expansion or addition to the CREZ Assets (and the Lessee shall not be authorized to use or operate such Footprint Project, alteration, expansion or addition to the CREZ Assets) unless and until such time as the Parties first execute a Rent Supplement for the underlying Footprint Project and such Footprint Project is placed in service, and such Rent

Supplement together with this Agreement shall be treated as a new lease with respect to such Footprint Project. The Parties further agree and acknowledge that a Rent Supplement will be executed with respect to each Footprint Project before such Footprint Project is placed in service, and references in this Agreement to "CREZ Assets" rely on the assumption that this is the case.

(c) Notwithstanding anything to the contrary in this Section 1.1, for so long as Lessor is in compliance with its obligation to fund Capital Expenditures pursuant to Article X, Lessor may notify Lessee of its intention to transfer certain assets that would otherwise constitute CREZ Assets under this Agreement (the " *Transferred Assets* ") to a TRS. Upon any such notification, the TRS and Lessee shall negotiate in good faith a lease agreement with respect to such Transferred Assets, on terms and conditions that are comparable to those contained herein, and, upon the execution of such lease, the Transferred Assets shall no longer constitute CREZ Assets hereunder.

1.2 Exclusive Rights . Throughout the Term of this Agreement, Lessee shall have the exclusive right (a) to operate and use the CREZ Lease Assets for the transmission of electricity in accordance with applicable rules and regulations of all regulatory agencies having regulatory jurisdiction over the CREZ Assets, including without limitation, the PUCT as well as applicable rules and regulations of ERCOT, TRE, NERC and other Regulatory Authorities, and (b) to utilize the CREZ Lease Assets for other opportunities and uses (provided that such other uses do not interfere with the current or future transmission and delivery of electricity, Good Utility Practice or Applicable Laws and do not adversely affect the reliability and safety of the CREZ Assets or the ERCOT electric grid). Throughout the Term of this Agreement, Lessor shall have access to the CREZ Assets at all reasonable times for purposes of inspection and for the purposes of improving, expanding or modernizing the CREZ Assets in accordance with Article X. Except in the case of emergency, prior to Lessor's access of the CREZ Assets, Lessor will provide written notification to Lessee's operations personnel.

1.3 Absolute Net Lease . This Agreement is intended by the Parties to be an absolute net lease (and, except as otherwise specified herein, the expenses and costs associated with the lease, license, servicing, insuring, maintenance, repair and operation of the CREZ Assets and the performance of Lessee's obligations under this Agreement shall be for the account of the Lessee, unless expressly stated that such expenses or costs are for the account of Lessor or some other Person). Other than as expressly provided herein, (a) Lessee's obligation to make all payments of Rent as and when the same shall become due and payable in accordance with the terms of this Agreement shall be absolute, irrevocable and unconditional and shall not be affected by any circumstance or subject to any abatement or diminution by set-off, deduction, counterclaim, recoupment, agreement, defense, suspension, deferment, interruption or otherwise, and (b) until such time as all Rent required to be paid has been paid, Lessee shall have no right to terminate this Agreement or to be released, relieved or discharged from its obligation to make, and shall not suspend or discontinue, any payment of Rent for any reason whatsoever.

1.4 Waiver by Lessee . Lessee hereby waives, to the extent permitted by Applicable Law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to modify, terminate, cancel, quit or surrender this Agreement except in accordance with the express terms hereof.

1.5 Quiet Enjoyment . Lessee shall be entitled to the peaceful and quiet enjoyment of the CREZ Lease Assets, subject to the terms of this Agreement, so long as Lessee is not in default of this Agreement beyond applicable notice and cure periods.

ARTICLE II
TERM OF LEASE

2.1 Term . Subject to the provisions of Section 2.2 of this Agreement, or as otherwise stated herein, this Agreement became effective on the Original Lease Date and shall continue through December 31, 2020 unless otherwise terminated in a manner consistent herewith (the " *Initial Term* "). Thereafter, this Agreement may be renewed for subsequent terms (each, a " *Renewal Term* " and, collectively with the Initial Term, the " *Term* ") by mutual agreement of the Parties; provided , however , that the Rent for any Renewal Term shall be targeted to provide the Lessor with a Comparable Rate of Return on the then-current Rate Base of the CREZ Assets.

2.2 Approvals upon Expiration or Termination .

(a) Notwithstanding any provisions to the contrary herein, Lessee shall not surrender, resign, transfer, assign or otherwise cease to be the operator of the CREZ Assets at any time, including upon the termination of this Agreement or at the expiration of the Term, without first acquiring any necessary regulatory approvals from the PUCT or other Regulatory Authorities regarding such surrender, resignation, transfer, assignment or cessation of such operatorship; provided that, in the event of expiration or termination, the Parties shall use commercially reasonable efforts to obtain all necessary regulatory approvals of the transfer of such operatorship as soon as reasonably practicable.

(b) During any period of time after the expiration of the Term or termination of this Agreement but prior to Lessee's acquisition or receipt of any necessary regulatory approvals with respect to Lessee's surrender, resignation, transfer, assignment or other cessation of its operation of the CREZ Assets (such period of time being herein referred to as the " *Extended Period of Operatorship* "), Lessee shall continue to operate the CREZ Assets and shall continue to pay all Extended Period Rent and perform all of Lessee's other obligations under this Agreement; provided , however , that if regulatory approval is not obtained within twelve (12) months of initiation of the approval process and such delay is (a) due to Lessor's failure to reasonably pursue such approval, then the amounts payable as Rent will be eighty percent (80%) of such amount, or (b) due to Lessee's failure to reasonably pursue such approval, then the amounts payable as Rent will be one hundred five percent (105%) of such amount.

(c) Upon the expiration of the Term or termination of this Agreement, Lessee shall use commercially reasonable efforts to obtain all necessary regulatory approvals as soon as reasonably practicable from the PUCT or other Regulatory Authorities to transfer or assign the CCNs for the CREZ Assets to Lessor or a third party designated by Lessor and acceptable to the PUCT or other Regulatory Authorities.

(d) The obligations of Lessee and Lessor contained in this Section 2.2 shall survive the expiration of the Term or termination of this Agreement.

2.3 Purchase Option upon Expiration or Termination . Upon the later of (a) the expiration of the Term or termination of this Agreement or (b) the expiration of the Extended Period of Operatorship (if any), Lessor shall have the option to purchase from Lessee any equipment or other property, tangible or intangible (including regulatory assets), owned by Lessee and principally used in connection with and necessary for the operation of the CREZ Assets (including any Nonseverable Footprint Projects owned by Lessee, if any), subject to any required regulatory approvals. The purchase price for such property or equipment shall be the greater of (i) the net book value thereof plus 10% and (ii) the fair market value thereof as determined by mutual agreement of Lessor and Lessee. If the Parties fail to agree on the amount of the purchase price, the purchase price shall be submitted to arbitration in accordance with Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine the amount of the purchase price, based on submissions by each of Lessee and Lessor.

ARTICLE III
RENT

3.1 Rent . Lessee will pay to Lessor in lawful money of the United States of America which shall be legal tender for the payment of public and private debts, at Lessor's address set forth in Section 13.8 hereof or at such other place or to such other Person, as Lessor from time to time may designate in a written notice to Lessee, all Rent contemplated hereby during the Term on the basis hereinafter set forth. If there is a dispute as to the amount of Rent to be paid by Lessee, either Party may submit the dispute to arbitration pursuant to Section 13.7. However, Lessee shall be required to pay, as and when Rent is due and payable hereunder, the Undisputed Rent until such time as the dispute is resolved by agreement between the Parties or by arbitration pursuant to Section 13.7.

(a) Base Rent : Lessee will pay Lessor an amount of base rent equal to the amount set forth on the then-effective Rent Supplement, which shall be payable monthly in arrears 45 days after the conclusion of the month. The amount of base rent owed pursuant to this Section 3.1(a) may be supplemented by the Parties from time to time in accordance with Section 3.2. The amount of base rent payable pursuant to this Section 3.1(a), as supplemented from time to time pursuant to Section 3.2, is referred to as *"Base Rent."*

(b) Percentage Rent : In addition to the Base Rent set forth above, Lessee covenants and agrees to pay to Lessor, as percentage rent, an annual amount equal to the percent of Gross Revenues during the applicable Lease Year in excess of the Annual Percentage Rent Breakpoint for such Lease Year, all as set forth on the then-effective Rent Supplement. The percentage amounts used for the calculation of percentage rent owed pursuant to this Section 3.1(b) (the " *Percentage Rent Percentages* ") may be supplemented by the Parties from time to time in accordance with Section 3.2 to account for additions to the CREZ Assets. The percentage rent payable pursuant to this Section 3.1(b), as supplemented from time to time pursuant to Section 3.2, is referred to as " *Percentage Ren* t."

(c) Percentage Rent Breakpoints : With respect to the Annual Percentage Rent Breakpoint for each Lease Year: (1) the *"First Lease Quarter Percentage Rent Breakpoint"* shall be 25% of the Annual Percentage Rent Breakpoint for such Lease Year; (2) the *"Second Lease Quarter Percentage Rent Breakpoint"* shall be 50% of the Annual Percentage Rent Breakpoint for such Lease Year; and (3) the *"Third Lease Quarter Percentage Rent Breakpoint"* shall be 75% of the Annual Percentage Rent Breakpoint for such Lease Year.

(d) Gross Revenues :

(i) As used in this Agreement, subject to Section 3.1(d)(ii), the *"Gross Revenues"* of the CREZ Assets shall mean and include all fees, charges and other revenues, computed without duplication, generated by or otherwise (x) received by or payable to Lessee in connection with or which are the result of the operation of the CREZ Assets (and any assets related to the CREZ Assets owned by Lessee), as set forth in the FERC Uniform System of Accounts or such other accounts as may be applicable from time to time in which Lessee records its revenues from operation of the CREZ Assets; (y) received by or payable to Lessee from other opportunities and uses of the CREZ Assets pursuant to Section 1.2(b) hereof; or (z) arising from insurance proceeds for business income lost from an insured event related to the CREZ Assets; provided that *"Gross Revenues"* shall not include (1) any payment received by Lessee as CIAC; (2) any items which are of a pure pass-through nature where such items are charged to and collected from customers of Lessee but which carry regulatory responsibility to remit such collections without offset or deduction to a third party, including, but not limited to, items such as: (A) sales taxes or other charges collected by Lessee on behalf of a taxing authority; (B) fees, charges and other revenues collected by Lessee that can be specifically traced to any regulatory approved costs incurred by Lessee that have been ordered or permitted by the PUCT to be recovered through Lessee's rates such as system benefit funds; (C) fees, charges and other revenues collected by Lessee that can be specifically traced to any deferred costs funded by Lessee that have been ordered or permitted by the PUCT to be recovered through a tariff rider; and (D) such other items that Lessor and Lessee agree to in good faith are consistent with the foregoing and should be included prospectively in the list set forth in this clause (2) and in the event the Lessor and Lessee cannot agree on what items should be included on such list, then either Lessor or Lessee may submit such matter to arbitration pursuant to Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine which such items shall be included on such list, based on submissions by each of the Lessee and the Lessor; and (3) Revenues Attributable to Lessee CapEx. The term " *Unadjusted Gross Revenues* " means the amount of Gross Revenue, calculated in accordance with this Section 3.1(d)(i), without giving effect to the offset set forth in clause (3), above, related to Revenues Attributable to Lessee CapEx.

(ii) Except as set forth below, all ERCOT Transmission Revenues will be allocated to the CREZ Assets covered by this Agreement based upon the following formula: Multiply (x) total ERCOT Transmission Revenues received by Lessee by (y) a fraction, the numerator of which is the Transmission Net Plant in Service for the CREZ Assets covered by this Agreement and the denominator of which is the total Transmission Net Plant in Service for all regulated electric transmission systems owned by Lessor or an affiliate thereof and operated by Lessee or a subsidiary thereof within ERCOT (the " *TCOS Allocation* "). As of the Effective Date, all regulated electric transmission systems operated by Lessee or a subsidiary thereof within

ERCOT are owned by Lessor or a subsidiary or parent entity thereof. As long as that is the case, Transmission Net Plant in Service and Transmission Gross Plant in service shall be derived exclusively from the financial statements of Lessor and agreed to by Lessee. If Lessee or any subsidiary thereof operates any electric transmission systems within ERCOT that are not leased from Lessor or an affiliate thereof, then the Parties will negotiate in good faith an equitable and appropriate mechanism for allocating ERCOT Transmission Revenues based on the Transmission Net Plant in Service of the respective electric transmission systems and in the event the Parties cannot agree on an equitable and appropriate mechanism, then either Party may submit such matter to arbitration pursuant to Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine such equitable and appropriate TCOS Allocation mechanism, based on submissions by each of the Lessee and the Lessor. The most recent TCOS Allocation agreed to by Lessor and Lessee will govern the allocation described in this Section 3.1(d)(ii), which TCOS Allocation may be set forth in a Rent Supplement, but will not be required to be included in a Rent Supplement to be effective. Either Party may request a revision to such TCOS Allocation, based on the most recent available monthly balance sheet, no more frequently than once every sixty (60) days or in connection with any Rent Supplement or Rent Validation executed and delivered by the Parties. If the Parties are unable to agree to an allocation, such matter will be submitted to arbitration pursuant to Section 13.7. "Gross Revenues," for purposes hereof, will include the amount of such ERCOT Transmission Revenues allocated to the CREZ Assets pursuant to this Section 3.1(d)(ii), plus any other amounts that constitute Gross Revenues pursuant hereto, minus (without duplication) Revenues Attributable to Lessee CapEx. As of the date hereof, the Parties do not expect that any Lessee revenue, other than ERCOT Transmission Revenues, will be allocated to the CREZ Assets and constitute Gross Revenues hereunder.

(iii) The Parties contemplate that there may be Capital Expenditures for assets that are placed in service and that are related and fairly allocable to the CREZ Assets and are classified as Lessee CapEx. Unless the Parties agree otherwise based on appropriate factors at the time of the negotiation, Capital Expenditures that qualify as Lessee CapEx will qualify as Lessee CapEx on the date that the assets developed with such Capital Expenditures are placed in service. In such a case, Revenues Attributable to Lessee CapEx shall be determined and such portion shall be subtracted from Unadjusted Gross Revenues in order to calculate Gross Revenues. For these purposes, Revenues Attributable to Lessee CapEx shall be targeted to equal that portion of the Unadjusted Gross Revenues collected by Lessee which equals the amount needed to provide Lessee with the equivalent of a Comparable Rate of Return on any such Lessee CapEx (except that, in determining such Comparable Rate of Return, the Parties will not consider Lessee's creditworthiness and there will be no Agreed-to-Discount). It is understood and agreed that such determinations of the Revenues Attributable to Lessee CapEx are intended to provide an accurate and reasonably administrable means of ensuring that the Lessee (and not the Lessor) will receive a Comparable Rate of Return attributable to the capital invested by Lessee in the Lessee CapEx. The Revenues Attributable to Lessee CapEx shall be determined solely to provide a Comparable Rate of Return on such Lessee CapEx and shall not be determined with reference to, or with any intention to true up, the effect of any difference between the initially anticipated and the actual return of or on prior Lessee CapEx. The Parties understand that there may be Capital Expenditures that relate to both the CREZ Assets and to other transmission and/or distribution systems owned or operated by Lessee or an affiliate thereof, and, in such circumstance, the Parties will

negotiate in good faith to determine the portion of such Capital Expenditures that constitute Lessee CapEx hereunder. In the event the Parties cannot determine such portion, then either Party may submit such matter to arbitration pursuant to Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine such portion of Capital Expenditures that constitute Lessee CapEx hereunder, based on submissions by each of the Lessee and the Lessor. Lessee agrees to provide Lessor with sufficient information regarding Lessee CapEx so that Lessor can monitor amounts actually spent on Lessee CapEx. If Lessee expects there will be any Lessee CapEx, Lessee may request, no more frequently than annually, that the Parties determine the Revenues Attributable to Lessee CapEx which relate to such Lessee CapEx for each subsequent Lease Year. Lessee will use reasonable efforts to make such request coincide with a Rent Supplement pursuant to Section 3.2(a). Each supplement and related determination of Revenues Attributable to Lessee CapEx for any Lease Year which is specified in this Section 3.1(d)(iii) shall be memorialized in the manner specified in Section 3.2(b).

(e) Payment of Percentage Rent: Percentage Rent shall be paid by Lessee to Lessor not later than the date forty-five (45) days after the end of each Lease Quarter as herein provided. Lessee shall record Gross Revenues in order to provide an audit trail for the Gross Revenues. Lessee shall deliver a written statement to Lessor, accompanied by a CFO Certificate, within forty-five (45) days after the end of each Lease Quarter, stating (1) the Gross Revenues for that Lease Quarter, (2) the cumulative total through the end of that Lease Quarter of Gross Revenues for such Lease Year, (3) the Percentage Rent Breakpoint (the First Lease Quarter Percentage Rent Breakpoint, the Second Lease Quarter Percentage Rent Breakpoint, the Third Lease Quarter Percentage Rent Breakpoint or the Annual Percentage Rent Breakpoint for such Lease Year, as applicable), utilized by Lessee and applicable to Lessee's calculation of Percentage Rent through the end of that Lease Quarter, and (4) the cumulative total of any Percentage Rent then due and the cumulative total of any Percentage Rent previously paid with respect to any prior Lease Quarter(s) within such Lease Year. If such CFO Certificate indicates that any Percentage Rent is due for such Lease Quarter (or such Lease Year, as applicable), based upon the cumulative total of Gross Revenues through the end of such Lease Quarter and the applicable Percentage Rent Breakpoint reflected in such statement, then Lessee shall pay and deliver any Percentage Rent then due with the statement and CFO Certificate for such Lease Quarter (or such Lease Year, as applicable). With respect to the final Percentage Rent calculation for any Lease Year, Lessee shall receive a credit for any Percentage Rent previously paid with respect to such Lease Year. If the Percentage Rent payments previously made by Lessee to Lessor for the first three Lease Quarters of a Lease Year, on a cumulative basis, exceed the annual amount of Percentage Rent payable by Lessee to Lessor for such Lease Year, then Lessee shall receive a credit for such excess amount against the next Percentage Rent payment(s) becoming due and payable by Lessee to Lessor under this Agreement. The applicable Percentage Rent Breakpoint shall also be adjusted pro rata for any partial Lease Quarters or partial Lease Years at the beginning and/or end of the Term. All statements deliverable by Lessee to Lessor under this Agreement shall be delivered to the place where rent is then payable, or to such other place or places as Lessor may from time to time direct by written notice to Lessee.

3.2 ***Rent Supplements*** .

(a) The Parties have executed a Rent Supplement with respect to the Rent in effect as of the Effective Date. This Section 3.2(a) will not require any amendment to Rent unless the Parties expect Incremental CapEx and the Parties have not previously entered into a Rent Supplement with respect to such Incremental CapEx. If the Parties expect Incremental CapEx (" *Expected Incremental CapEx* "), then they will negotiate in good faith to supplement Rent and other matters in accordance with this Section 3.2. In connection therewith, the Parties will negotiate the pre-tax rate of return that Lessor should earn on such Incremental CapEx, which will be based generally on an agreed-to-discount from the rate of return that public utility companies generally earn in the State of Texas at the time of such Rent Supplement negotiation, adjusted in the manner agreed to by the Parties (if justified) to take into account the creditworthiness of Lessee at the time of such Rent Supplement negotiation (the " *Agreed - to-Discount* "). Such discount will be based on the comparable discount agreed to in connection with the negotiation of rent pursuant to the McAllen Lease and other leases between Lessee and Lessor (or an affiliate thereof), as modified to take into account appropriate factors at the time of such Rent Supplement negotiation. Such pre-tax rate of return, as determined in accordance with this paragraph, is referred to as a " *Comparable Rate of Return* ." The following will apply to the determination of the matters set forth on the Rent Supplement:

(i) The Parties will supplement Base Rent and Percentage Rent in a manner intended to provide a Comparable Rate of Return for Lessor on the Expected Incremental CapEx. Such Comparable Rate of Return will be achieved by a split between Base Rent and Percentage Rent in the proportions requested by Lessor and agreed to by Lessee.

(ii) Unless the Parties agree otherwise based on appropriate factors at the time of the negotiation, Capital Expenditures will qualify as Incremental CapEx on the date the assets subject to such Capital Expenditures are placed in service (notwithstanding that Capital Expenditures that are included in CapEx Budgets pursuant to Article X are for such purposes measured based on the date the related Capital Expenditures are incurred).

(iii) Notwithstanding anything herein to the contrary, such supplement shall be determined solely to provide a Comparable Rate of Return on such Expected Incremental CapEx and shall not be determined with reference to, or with any intention to true up, the effect of any difference between the initially anticipated and the actual return of or on, or the Base Rent or Percentage Rent payable with respect to, the CREZ Assets as in place prior to the additions resulting from such Expected Incremental CapEx.

(b) The Parties will memorialize the results of all Incremental CapEx supplements and Lessee CapEx supplement negotiations by executing and delivering a Rent Supplement, which will set forth the amount of contemplated Incremental CapEx, new Base Rent, a new Percentage Rent Schedule, new Revenues Attributable to Lessee CapEx, Lessee CapEx, new TCOS Allocation (if applicable), the effective date on which such changes will occur and the term of such Rent Supplement (if applicable). In no event will any new Base Rent or new Percentage Rent be payable, or any Revenues Attributable to Lessee CapEx be

taken into account as a reduction to Unadjusted Gross Revenues, before the assets funded by the related Incremental CapEx or Lessee CapEx are placed in service. The Rent Supplement may also include the projected in-service date of the Incremental CapEx or Lessee CapEx to which the Rent Supplement applies. Upon execution and delivery of any such Rent Supplement, this Agreement will be deemed amended thereby. If necessary, Exhibit A will be supplemented to reflect the new assets to be funded by the Incremental CapEx. The Rent Supplement shall have the term set forth therein, not to extend past the then-current Term of this Agreement. At the end of the term of each Rent Supplement, the Parties shall negotiate a new Rent Supplement for the Lessee CapEx and Incremental CapEx covered by such prior Rent Supplement using the Comparable Rate of Return methodology set forth in Sections 3.1(d)(iii) and 3.2(a). Notwithstanding the foregoing, the Percentage Rent Percentages and Annual Percentage Rent Breakpoints reflected on such new Rent Supplement with respect to the Rate Base covered by such prior Rent Supplement shall be as set forth on the Percentage Rent Schedule of such prior Rent Supplement.

(c) This Section 3.2(c) sets forth the process by which the Parties may request and effect Rent Validations.

(i) If following the execution and delivery of a Rent Supplement there is a difference in (I) the amount of actual Incremental CapEx compared to the amount contemplated by the then-effective Rent Supplement, (II) the amount of actual Lessee CapEx compared to the amount contemplated by the then-effective Rent Supplement, or (III) the placed-in-service date of such Incremental CapEx or Lessee CapEx compared to what was contemplated at the time of the then-effective Rent Supplement then, at any time within two years of the date the Parties agree to a Rent Supplement, either Party may request a Rent Validation. If there has been such a difference, the Parties will supplement Incremental CapEx, Base Rent, Percentage Rent Percentages, Annual Percentage Rent Breakpoints, Revenues Attributable to Lessee CapEx and/or Lessee CapEx, as applicable, to what they would have been, at the time of the Rent Supplement, to reflect (1) the amount of actual Incremental CapEx and Lessee CapEx and/or (2) the actual dates such Incremental CapEx and/or Lessee CapEx was placed in service, but keeping fixed all other relevant assumptions and inputs, including the Comparable Rate of Return. For the avoidance of doubt, in no circumstance will a Rent Validation occur to account for any difference between the initially anticipated and the actual return of or on the Incremental CapEx and/or Lessee CapEx, and no such difference will be taken into account as part of such Rent Validation. The Parties also will negotiate in good faith to determine (A) whether one Party should make a lump sum payment to the other Party as a result of excess or deficient Rent that Lessee paid, prior to the date of the effective date of the Rent Validation, in connection with the Rent Supplement, and, (B) if applicable, the amount of any such lump sum payment. The Parties will memorialize the result of any Rent Validation negotiation by executing and delivering a revised Rent Supplement, which will set forth revised expected Incremental CapEx, Lessee CapEx, Base Rent, Percentage Rent Percentages, Annual Percentage Rent Breakpoints and/or Revenues Attributable to Lessee CapEx, as applicable, the effective date on which such changes will occur and, if applicable, the amount of the lump sum payment that one Party must make to the other Party (which payment must be made within 30 days of the execution and delivery of such revised Rent Supplement).

Any lump sum payments received by Lessor under this Section 3.2(c) shall be treated as Rent by the Parties. Upon execution and delivery of any such Rent Validation, this Agreement will be deemed amended thereby.

(ii) For the avoidance of doubt, notwithstanding expiration of the Initial Term on December 31, 2020, upon request of either Party made at any time before March 1, 2021, the Parties will conduct a Rent Validation pursuant to this Section 3.2(c) in order to determine (I) whether one Party should make a lump sum payment to the other Party as a result of excess or deficient Rent Lessee paid, prior to the date of the effective date of such Rent Validation, in connection with the Rent Supplement, given any negotiated supplement, and, (II) if applicable, the amount of any such lump sum payment. The provisions of this Section 3.2(c) will apply to any such lump sum payment.

(iii) The Parties will reasonably cooperate to minimize the number of Rent Validations, and prospective Rent Supplements and Rent Validations may be combined into one revised, amended and restated Rent Supplement.

(d) In connection with the foregoing provisions of this Section 3.2, Lessor and Lessee shall use good faith efforts to agree to a Rent Supplement, renewal of a Rent Supplement or Rent Validation, as applicable, within 60 days of a request therefor by either Party. If, by the end of such 60 day period, Lessee and Lessor cannot in good faith agree to the terms of a Rent Supplement, renewal of a Rent Supplement or Rent Validation, such dispute shall be submitted to arbitration in accordance with Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine the terms of such Rent Supplement, renewal of a Rent Supplement or Rent Validation (including any lump sum payment amount), based on submissions by each of the Lessee and the Lessor.

3.3 ***Confirmation of Percentage Rent*** .

(a) In the event that Lessee determines that the Percentage Rent paid with respect to any Lease Year exceeded the amount of Percentage Rent actually due for such Lease Year (such overage being the " *Excess Percentage Rent* "), Lessee shall promptly notify Lessor of such fact and shall deliver a new CFO Certificate (the " *Revised Certificate* ") setting forth the corrected calculations of the Percentage Rent due for such Lease Year and identifying the amount of the Excess Percentage Rent. Upon Lessor's reasonable verification of the information set forth in the Revised Certificate, Lessor shall refund to Lessee the Excess Percentage Rent. Notwithstanding anything to the contrary contained herein, in no event shall Lessor have any obligation under this Section 3.3(a) to refund any Excess Percentage Rent if Lessor has not received the Revised Certificate by March 31 of the year following the Lease Year for which the Excess Percentage Rent was paid.

(b) Lessee shall utilize, or cause to be utilized, an accounting system for the CREZ Assets in accordance with the FERC Uniform System of Accounts, that will accurately record all data necessary to compute Percentage Rent, and Lessee shall retain and shall allow Lessor and its representatives to have reasonable access to, for at least five (5) years after the expiration of each Lease Year, reasonably adequate records conforming to such accounting system showing all data necessary to conduct Lessor's Audit and to compute Percentage Rent for the applicable Lease Years and to otherwise file or defend tax returns and reports to any Regulatory Authority.

(c) Lessor shall have the right from time to time to cause its accountants or representatives to conduct an inspection, examination and/or audit (a " *Lessor's Audit* ") of all of Lessee's records, including supporting data, sales and excise tax returns and the records described in Section 3.3(b), reasonably required to complete such Lessor's Audit and to verify Percentage Rent, subject to any prohibitions or limitations on disclosure of any such data under applicable laws, regulations and governmental requirements. If any Lessor's Audit discloses a deficiency in the payment of Percentage Rent, and either Lessee agrees with the result of Lessor's Audit or the matter is otherwise determined or compromised, Lessee shall forthwith pay to Lessor the amount of the deficiency, as finally agreed or determined, together with interest at the Overdue Rate from the date when said payment should have been made to the date of payment thereof. In addition to the amounts described above in this Section 3.3(c), if any Lessor's Audit discloses a deficiency in the payment of Percentage Rent which, as finally agreed or determined, exceeds 3% of the amount paid, Lessee shall pay the costs of Lessor's Audit. In no event shall Lessor undertake a Lessor's Audit after March 31 of the second year following the Lease Year for which such audit is requested.

(d) Any proprietary information obtained by Lessor pursuant to the provisions of this Section 3.3 shall be treated as confidential, except that such information may be used, subject to appropriate confidentiality safeguards, in any litigation or arbitration between the Parties and except further that Lessor may disclose such information to lenders and investors, including prospective lenders or investors and to any other persons to whom disclosure is necessary or appropriate to comply with Applicable Laws, regulations and governmental requirements and to comply with any reporting requirements applicable to Lessor or Lessee under any applicable securities laws or regulations or any listing requirements of any applicable securities exchange.

(e) Any dispute as to the existence or amount of any deficiency in the payment of Percentage Rent as disclosed by Lessor's Audit shall, if not otherwise settled by the Parties, be submitted to arbitration pursuant to the provisions of Section 13.7.

3.4 ***Additional Rent*** . In addition to Base Rent and Percentage Rent, Lessee also will pay and discharge as and when due and payable all other amounts, liabilities, obligations and impositions that Lessee assumes or agrees to pay under this Agreement, including without limitation, the expenses and costs described in Section 1.3 and any reimbursement for such amounts and other damages to Lessor in the event that Lessor pays such expenses or costs or performs such obligations on behalf of Lessee (collectively, " *Additional Rent* ").

3.5 ***No Set Off*** . Rent shall be paid to Lessor without set off, deduction or counterclaim; provided , however , that Lessee shall have the right to assert any claim or counterclaim in a separate action brought by Lessee under this Agreement or to assert any mandatory counterclaim in any action brought by Lessor under this Agreement.

3.6 ***Late Payment Penalty*** . Except as otherwise provided in Section 9.1(b), if Lessee fails to make any payment of Rent to Lessor within five (5) days after it is due, interest shall accrue on the overdue amount, from the date overdue until the date paid, at the Overdue Rate.

3.7 ***Credit Support*** . If Lessor has reasonable grounds for insecurity regarding the performance of Lessee's obligations hereunder, Lessor may require Lessee to provide credit support in the amount, form and for the term reasonably acceptable to Lessor, including but not limited to, a letter of credit, a prepayment, or a guaranty.

3.8 ***Other Revenue*** . If Lessee receives or expects to receive any fees, charges or Other Revenue and other than de minimis amounts not to exceed $100,000 in any calendar year, then, unless Lessee reasonably believes that such Other Revenue will not operate to reduce Lessee's tariff within the State of Texas, Lessee and Lessor will negotiate in good faith to amend this Agreement or a similar lease to characterize the portion of such Other Revenue which Lessor reasonably expects will operate to reduce Lessee's tariff within the State of Texas as Unadjusted Gross Revenue hereunder or under such other similar lease. In the event the Lessee and Lessor cannot agree on the terms of such amendment of this Agreement or of a similar lease, then either the Lessee or the Lessor may submit such matters to arbitration pursuant to Section 13.7, pursuant to which the Arbitration Panel shall be empowered to characterize the portion of such Other Revenue which Lessor reasonably expects will operate to reduce Lessee's tariff within the State of Texas as Unadjusted Gross Revenue hereunder or under such other similar lease, based on submissions by each of the Lessee and the Lessor.

3.9 ***Survival*** . The obligations of Lessee and Lessor contained in this Article III with respect to the calculation, validation and payment, including late payment, of Rent applicable to periods prior to the end of the Term shall survive the expiration or earlier termination of this Agreement.

ARTICLE IV
LESSEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessee hereby represents, warrants and covenants to Lessor that:

4.1 Maintenance, Operation and Repair of the CREZ Assets .

(a) Lessee, at its own cost and expense, shall maintain (including both scheduled and unscheduled maintenance), operate, repair and make all modifications (other than the construction of Footprint Projects, which shall be subject to Article X) to the CREZ Assets and any components thereof (whether owned by Lessor or Lessee), including directing all operations of and supplying all personnel necessary for the operation of the CREZ Assets, in each case, as reasonable and prudent and consistent with Good Utility Practice and as required by Applicable Law. Lessee shall carry out all obligations under this Agreement as reasonable and prudent and consistent with Good Utility Practice and in accordance with manufacturers' warranty requirements (during any applicable warranty period) and the Lessee's established operating procedures and maintenance, rebuild and repair programs so as to keep the CREZ

Assets in good working order, ordinary wear and tear excepted, and in such condition as shall comply in all material respects with all Applicable Laws. Lessee will operate the CREZ Assets in a reliable and safe manner in compliance with all applicable requirements and regulations of Regulatory Authorities. Lessee will not operate the CREZ Assets or any component thereof in any manner excluded from coverage by any insurance in effect as required by the terms hereof.

(b) If inspections of the CREZ Assets by Lessor show that the CREZ Assets do not meet industry standards or Good Utility Practice for maintenance and repair and/or fail to meet the requirements of any Applicable Law, Lessee shall promptly, but in any event within thirty (30) days after such initial notification, (i) develop a plan for Lessor's review by which the CREZ Assets can be modified or replaced to comply with the standards, and (ii) complete any and all such modifications and/or replacements consistent with all applicable reliability and safety standards established by regulations, orders or requirements of Regulatory Authorities.

4.2 ***Licenses and Permits*** . Lessee shall obtain and maintain any and all licenses, permits and other governmental and third-party consents and approvals required by Applicable Law in order to carry out its obligations under this Agreement.

4.3 ***Property Taxes and Other Assessments and Fees*** . Lessee shall bear (or collect from customers, as applicable) and timely pay all ad valorem or property taxes, sales and use taxes, or other assessments, governmental charges or fees that shall or may during the Term be imposed on, or arise in connection with, the ownership, lease, repair, maintenance and/or operation of, the CREZ Assets (including all Footprint Projects as described and provided for in Section 10.1 of this Agreement) (excluding any Lessor Taxes, " *Lessee Taxes* "); provided that Lessee shall not be obligated to pay any income, franchise or similar taxes imposed upon Lessor any consolidated, combined unitary or similar group that includes Lessor or any direct or indirect owner of an equity interest in Lessor, or any transfer, recordation, sales, use or similar taxes which arise in connection with Lessor's acquisition of Footprint Projects or the construction of Footprint Projects funded by Lessor (" *Lessor Taxes* "). The Parties understand that Lessee collects certain Lessee Taxes from end customers and remits such payments to the appropriate Regulatory Authority, and that nothing in this Section 4.3 is intended to impose liability on Lessee (instead of such customer) for the related tax liability beyond that imposed by Applicable Law with respect to such collection obligations. Upon the written request by Lessor, Lessee shall provide Lessor with evidence of the payment of any such Lessee Taxes, the failure of which to be paid would cause the imposition of a Lien upon the CREZ Assets or any component thereof or interest therein. Lessee shall assume full responsibility for preparing and furnishing to Lessor for execution all filings with any Regulatory Authority of or in the state and/or locality in which the CREZ Assets are located in respect of any and all Lessee Taxes; except that, where required or permitted by Applicable Law, Lessee shall make such filings on behalf of Lessor in the name of Lessor or in Lessee's own name. In each case in which Lessee furnishes a tax return or any other form to be executed by Lessor for filing with or delivery to any taxing authority, Lessee shall certify to Lessor that such document is in the proper form, is required to be filed under Applicable Law and does not impose any tax or other liability on Lessor or any of its affiliates which is not indemnified by Lessee. Lessee shall be permitted to contest, in its own name when permitted by law but otherwise on behalf of Lessor, in good faith and upon consultation with Lessor, any taxes it is obligated to pay hereunder.

4.4 ***Requirements of Governmental Agencies and Regulatory Authorities*** . Lessee, at its expense, shall comply with all Applicable Laws, including without limitation all requirements of the Regulatory Authorities. Lessee shall have the right, in its reasonable discretion and at its cost and expense, to contest by appropriate legal proceedings, the validity or applicability to the CREZ Assets of any Applicable Law made or issued by any federal, state, county, local or other Regulatory Authority. Any such contest or proceeding shall be controlled and directed by Lessee. Lessee shall provide Lessor with written notice of the commencement of any such legal proceedings that relate to or are a Lessor Material Matter. Thereafter, if requested by Lessor, Lessee will update Lessor, at reasonable intervals, of the progress of any such proceedings that relate to or are a Lessor Material Matter.

4.5 ***Liens*** . Lessee shall keep the CREZ Assets free and clear of all Liens other than Permitted Liens; provided , however , that if Lessee wishes to contest any such Lien (other than a Permitted Lien), Lessee shall, promptly, and in any event within thirty (30) days after it receives notice of the filing of such Lien, remove or bond over such Lien from the CREZ Assets pursuant to Applicable Law. If Lessee fails to promptly remove or bond over any such Lien, Lessor may, after providing notice to Lessee, take reasonable action to satisfy, defend, settle or otherwise remove the Lien at Lessee's expense.

4.6 Hazardous Materials .

(a) Lessee shall operate and maintain the CREZ Assets and conduct all of its other activities in respect thereof in compliance in all material respects with any Environmental Laws and other Applicable Laws relating to air, water, land and the generation, storage, use, handling, transportation, treatment or disposal of Hazardous Materials. Lessee shall promptly notify Lessor of any such violation that is a Lessor Material Matter. To the extent Lessee becomes aware of any environmental, health, safety or security matter that requires a corrective action, Lessee shall (in consultation with Lessor in the case of any Lessor Material Matter) undertake and complete such corrective action. Lessee shall have the obligation to report any such violations to the appropriate Regulatory Authorities in accordance with Applicable Law and, if practicable, shall give notice thereof to Lessor prior to making such report with respect to any Lessor Material Matter.

(b) Without limiting the generality of the foregoing, Lessee shall not (i) place or locate any underground tanks on the property underlying the CREZ Assets, (ii) generate, manufacture, transport, produce, use, treat, store, release, dispose of or otherwise deposit Hazardous Materials in or on the CREZ Assets, the property underlying the CREZ Assets or any portion thereof other than as permitted by Environmental Laws that govern the same or are applicable thereto, (iii) permit any other substances, materials or conditions in, on or emanating from the CREZ Assets, the property underlying the CREZ Assets or any portion thereof which may support a claim or cause of action under any Applicable Law or (iv) undertake any action that would reasonably be expected to cause an unauthorized release of Hazardous Materials at the property underlying the CREZ Assets.

(c) Lessee shall periodically, at intervals determined in its reasonable discretion in accordance with Good Utility Practice or as required by Applicable Law, at Lessee's sole expense, conduct inspections of all components of the CREZ Assets to ensure compliance with Applicable Laws and with this Section 4.6, and shall promptly notify Lessor of the results of any such inspections. Lessor may, at Lessor's expense, conduct its own testing at times determined in its reasonable discretion, and after reasonable consultation with Lessee, to ensure Lessee's compliance with Applicable Laws and with this Section 4.6, provided , however , that Lessor agrees to indemnify Lessee from and against any and all Claims suffered or incurred by Lessee and arising from Lessor's testing in accordance with Section 12.2.

4.7 ***Indebtedness*** . Lessee shall not incur Indebtedness other than: (i) Indebtedness in an aggregate principal amount of up to the greater of (A) $5,000,000 and (B) an amount equal to one percent (1%) of the sum of, without duplication, (x) the total amount of the Consolidated Net Plant of Lessee, plus (y) the total amount of the Consolidated Net Plant of any guarantor(s) of Lessee's obligations under any Lease to which Lessee is a party as a lessee, plus (z) the total amount of Leased Consolidated Net Plant of Lessee, in each case on a senior secured basis, (ii) Indebtedness in an aggregate principal amount of up to the greater of (A) $10,000,000 and (B) an amount equal to one-and-a-half percent (1.5%) of the sum of, without duplication, (x) the total amount of the Consolidated Net Plant of Lessee, plus (y) the total amount of the Consolidated Net Plant of any guarantor(s) of Lessee's obligations under any Lease to which Lessee is a party as a lessee, plus (z) the total amount of Leased Consolidated Net Plant of Lessee, in each case on an unsecured subordinated basis on terms substantially similar to the terms set forth on Exhibit C and (iii) loans, in an aggregate principal amount not to exceed $10,000,000 at any time outstanding, made by InfraREIT Partners, LP or a subsidiary thereof to Lessee from time to time for the purpose of financing capital expenditures. For purposes of clauses (i) and (ii) of the preceding sentence, any Consolidated Qualified Lessees of Lessee will be treated as Lessee. In addition to the foregoing, any of Lessee's subsidiaries may incur Indebtedness in an aggregate principal amount of up to the product of (x) Lessee's aggregate Consolidated Net Plant multiplied by (y) the lesser of (A) the sum of Lessee's then-current PUCT-regulated debt-to-equity ratio (expressed as a percentage) and five percent (5%) or (B) sixty-five percent (65%); provided , however , that such Indebtedness must be Non-Recourse Debt to Lessee. For purposes of this Section 4.7, Lessee's Consolidated Net Plant will be derived from its most recently prepared consolidated balance sheet, prepared in accordance with GAAP but adjusted to reverse the effects of failed sale-leaseback accounting in a manner reasonably determined by Lessee in good faith. Without limiting the amount of Indebtedness permitted by the foregoing, Lessee may also incur Indebtedness (x) in the form of a pledge of equity interests in a subsidiary of Lessee as security for Non-Recourse Debt of such subsidiary and (y) in amounts otherwise permitted under the Debt Agreements.

4.8 ***Records*** . In addition to the records referred to in Section 3.3, Lessee shall maintain proper books of record and account in conformity with GAAP and all applicable Regulatory Authorities having legal or regulatory jurisdiction over Lessee. Additionally, Lessee shall maintain or cause to be maintained all logs, drawings, manuals, specifications and data and inspection, modification and maintenance records and other materials required to be maintained in respect of the CREZ Assets by Applicable Laws or by Good Utility Practice. Lessee shall allow Lessor and its representatives to have reasonable access to, for at least five (5) years after the expiration of each Lease Year, the records referred to in this Section 4.8.

4.9 ***Surrender*** . Upon expiration or earlier termination of this Agreement in accordance with its terms (but subject to Section 2.2 and the requirements of all Applicable Laws), and in a manner calculated to avoid any disruption of electrical service, Lessee shall vacate and surrender possession of all components of the CREZ Assets (other than in respect of Footprint Projects funded by Lessee as described in Section 10.5(a)) to Lessor, or to such other Person as Lessor may direct. At the time of such surrender, the CREZ Assets shall be free and clear of Liens and other rights of third parties (other than Permitted Liens), and shall be in the same condition as the date the construction of such CREZ Assets was completed, ordinary wear and tear and subsequent Footprint Projects excepted. Lessee shall deliver or cause to be delivered to Lessor, or to such other Person as Lessor may direct, copies of all title documents, logs, drawings, manuals, specifications and data and inspection, modification and maintenance records, billing records, reports and other documents in respect of the CREZ Assets which are necessary to determine the condition of the CREZ Assets or for the continued maintenance, repair or general operation of the CREZ Assets and are in Lessee's possession or control at such time. In connection with the surrender of the CREZ Assets, Lessor shall pay to Lessee the aggregate purchase price for any Footprint Projects, equipment or other property purchased by Lessor in accordance with Section 2.3 or Section 10.5(b).

4.10 ***Cooperation; Transition Services*** .

(a) During the period after notice of termination and prior to the termination of the Agreement, with reasonable notice, Lessee will cooperate in all reasonable respects with the efforts of Lessor to sell or lease the CREZ Assets (or any component thereof) or any interest therein, including, without limitation, permitting prospective purchasers or lessees to fully inspect the CREZ Assets and any logs, drawings, manuals, specifications, data and maintenance records relating thereto; provided that such cooperation shall not unreasonably interfere with the normal operation of the CREZ Assets or cause Lessee to incur any additional expenses other than as specifically provided herein. All information obtained in connection with such inspection shall be subject to confidentiality requirements at least as restrictive as those contained in Section 13.3.

(b) Upon expiration or termination of this Agreement, Lessee shall continue to lease and operate the CREZ Assets pursuant to the terms of Section 2.2, if required thereunder. During such period Lessee shall perform all duties and retain all obligations under this Agreement in all respects, as if the Agreement had not expired or been terminated, and will pay Extended Period Rent as and when due.

4.11 ***Lessee's Authority*** . Lessee has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Lessee has taken all action necessary to execute and deliver this Agreement and to perform its obligations hereunder, and no other action or proceeding on the part of Lessee is necessary to authorize this Agreement. This Agreement constitutes the legally valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting the enforcement of creditors' rights generally and equitable principles.

4.12 ***Litigation*** . If Lessee becomes aware of any actions, claims or other legal or administrative proceedings that are pending, threatened or anticipated with respect to, or which could materially and adversely affect, the CREZ Assets, Lessee shall promptly deliver notice thereof to Lessor.

4.13 ***Financing*** . Lessee acknowledges that Lessor has advised Lessee that Lessor has obtained financing secured by, among other things, the CREZ Assets and this Agreement. In connection with such financing, Lessor made certain representations, warranties and covenants set forth in that certain (i) Amended and Restated Note Purchase Agreement entered into by Lessor and dated as of September 14, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the " *2009 Note Purchase Agreement* "), a copy of which has been provided to and reviewed by Lessee, (ii) Amended and Restated Note Purchase Agreement entered into by Lessor and dated as of July 13, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the " *2010 Note Purchase Agreement* "), a copy of which has been provided to and reviewed by Lessee and (iii) Note Purchase Agreement entered into by Lessor dated as of December 3, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the " *2015 Note Purchase Agreement* " and, together with the 2009 Note Purchase Agreement and the 2010 Note Purchase Agreement, the " *Note Purchase Agreements* "), a copy of which has been provided to and reviewed by Lessee, (iv) Third Amended and Restated Credit Agreement entered into by Lessor and dated as of December 10, 2014 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the " *2014 Credit Agreement* "), a copy of which has been provided to and reviewed by Lessee and (v) Amended and Restated Credit Agreement entered into by Lessor and dated as of December 3, 2015 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the " *2015 Credit Agreement* " and, together with the 2014 Credit Agreement, the " *Credit Agreements* "), a copy of which has been provided to and reviewed by Lessee. The Credit Agreements and the Note Purchase Agreements are referred to herein as the " *Debt Agreements* ".

Lessee hereby covenants and agrees with Lessor that, during the term of the 2009 Note Purchase Agreement, Lessee will comply with the covenants set forth in Sections 9.08 (*Material Project Documents*) (to the extent that Lessee is a party to any Material Project Documents, as defined in the 2009 Note Purchase Agreement), 10.04 (*Terrorism Sanctions Regulations*), 10.10 (*Sale of Assets, Etc* .), 10.11 (*Sale or Discount of Receivables*), 10.12 (*Amendments to Organizational Documents*), 10.16 (*Project Documents*) and 10.17 (*Regulation*) of the 2009 Note Purchase Agreement.

Lessee hereby covenants and agrees with Lessor that, during the term of the 2010 Note Purchase Agreement, Lessee will comply with the covenants set forth in Sections 9.8 (*Material Project Documents*) (to the extent that Lessee is a party to any Material Project Documents, as defined in the 2010 Note Purchase Agreement), 10.4 (*Terrorism Sanctions Regulations*), 10.10 (*Sale of Assets, Etc* .), 10.11 (*Sale or Discount of Receivables*), 10.12 (*Amendments to Organizational Documents*), 10.16 (*Project Documents*) and 10.17 (*Regulation*) of the 2010 Note Purchase Agreement.

Lessee hereby covenants and agrees with Lessor that, during the term of the 2015 Note Purchase Agreement, Lessee will comply with the covenants set forth in Sections 9.8 (*Material*

Project Documents) (to the extent that Lessee is a party to any Material Project Documents, as defined in the 2015 Note Purchase Agreement), 10.4 (*Terrorism Sanctions Regulations*), 10.6 (*Sale of Assets, Etc* .), 10.9 (*Regulation*), 10.10 (*Amendments to Organizational Documents*) and 10.11 (*Project Documents*) of the 2015 Note Purchase Agreement.

Lessee hereby agrees with Lessor that, to the extent not otherwise covered by the terms of this Agreement, (i) Lessee hereby makes the same representations and warranties to Lessor as Lessor makes to the Lender (as defined in the 2014 Credit Agreement) in Sections 6.3 (*Disclosure*), 6.5 (*Financial Condition; Financial Instruments*), 6.6 (*Compliance with Laws, Other Instruments, Etc* .), 6.7 (*Governmental Authorizations, Etc* .), 6.8 (*Litigation; Observance of Agreements, Statutes and Orders*), 6.9 (*Taxes*), 6.10 (*Title to Property; Leases*), 6.11 (*Insurance*), 6.12 (*Licenses, Permits, Etc.; Material Project Documentation*), 6.16 (*Foreign Assets and Control Regulations, Etc* .), 6.17 (*Status under Certain Statutes*), 6.18 (*Environmental Matters*), 6.19 (*Force Majeure Events; Employees*) and 6.20 (*Collateral*) of the 2014 Credit Agreement (or equivalent provisions), to the extent that such representations and warranties relate to (x) Lessee, whether in its capacity as Lessee or otherwise, including, without limitation, Lessee's status or operations as a public utility, or (y) Lessee's ownership of the CREZ Assets on or before the date hereof, and (ii) Lessee hereby covenants and agrees with Lessor that, during the term of the 2014 Credit Agreement, Lessee will comply with the covenants set forth in Sections 7.10 (*Material Project Documents*) (to the extent that Lessee is a party to any Material Project Documents, as defined in the 2014 Credit Agreement), 8.4 (*Terrorism Sanctions Regulations*), 8.10 (*Sale of Assets, Etc* .), 8.11 (*Sale or Discount of Receivables*), 8.12 (*Amendments to Organizational Documents*), 8.16 (*Material Projects Documents*) and 8.17 (*Regulation*) of the 2014 Credit Agreement (or equivalent provisions).

Lessee hereby covenants and agrees with Lessor that, during the term of the 2015 Credit Agreement, Lessee will comply with the covenants set forth in Sections 6.10 (*Material Project Documents*) (to the extent that Lessee is a party to any Material Project Documents, as defined in the 2015 Credit Agreement), 7.4 (*Terrorism Sanctions Regulations*), 7.10 (*Sale of Assets, Etc* .), 7.11 (*Sale or Discount of Receivables*), 7.12 (*Amendments to Organizational Documents*), 7.16 (*Project Documents*) and 7.17 (*Regulation*) of the 2015 Credit Agreement.

Lessee may not lease, or agree or otherwise commit to lease, any transmission or distribution facilities other than pursuant to a Lease. Further, Lessee shall not permit Persons other than Hunt Family Members to acquire any interest in the Lessee, directly or indirectly, in a manner that would result in a Change of Control of Lessee.

The Parties agree to amend, alter or supplement this Section 4.13 from time to time to give effect to the obligations under Lessor's then-current credit arrangements, including the credit arrangements of any successor to Lessor's interest in this Agreement. Provided that the obligations or restrictions on Lessee are not materially increased from those provided for by Lessor's then-current credit arrangements, such an amendment to this Agreement shall become automatically effective upon the delivery by Lessor to Lessee of a revised version of Section 4.13 and copies of the pertinent portions of the applicable credit arrangements referenced therein.

ARTICLE V
LESSOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessor hereby represents, warrants and covenants as follows:

5.1 ***Lessor's Authority*** . Lessor has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Lessor has taken all action necessary to execute and deliver this Agreement and to perform its obligations hereunder, and no other action or proceeding on the part of Lessor is necessary to authorize this Agreement. This Agreement constitutes the legally valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting the enforcement of creditors' rights generally and equitable principles.

5.2 ***Liens and Tenants*** . Lessor represents that Lessor has good and valid title to the CREZ Assets, there are no unrecorded liens, encumbrances, leases, mortgages, deeds of trust (except as disclosed to Lessee in writing or as arise by operation of law), or other exceptions (collectively, " *Liens* ") arising as a result of any acts, or omissions to act, of Lessor by, through or under Lessor to Lessor's right, title or interest in the CREZ Assets other than any such of the foregoing that does not materially impair the Lessee's use of the CREZ Assets, and, to Lessor's knowledge, there exist no rights or interests of any third party relating to the CREZ Assets that are not contemplated herein. Except for Permitted Liens or as may be disclosed in the applicable real property records in the State of Texas, or as disclosed by Lessor in writing to Lessee, Lessor represents that there are no Liens encumbering all or any portion of the CREZ Assets. Lessor shall fully cooperate and assist Lessee, at no out-of-pocket expense to Lessor, in efforts to obtain a subordination and non-disturbance agreement from each party that holds a Lien that might reasonably be expected to interfere in any material respect with Lessee's rights under this Agreement. Notwithstanding the foregoing, Lessor and its affiliates shall have the right to incur Permitted Liens encumbering the CREZ Assets or any component thereof solely for the benefit of Lessor in connection with any existing or future financing or refinancing pursuant to which the CREZ Assets (or any component thereof) is pledged as collateral and Lessee agrees to enter into such acknowledgments and agreements in respect thereof with the lenders, or a trustee or agent for the lenders as the Lessor may reasonably request.

5.3 ***Condition of Assets*** . Lessor has not taken any action or failed to take any action that would cause the CREZ Assets not to be in good operating condition and repair, ordinary wear and tear excepted, or adequate for the uses to which it is being put.

5.4 ***Requirements of Governmental Agencies*** . Lessor shall assist and fully cooperate with Lessee, in complying with or obtaining any material land use permits and approvals, building permits, environmental impact reviews or any other approvals reasonably required for the maintenance or operation of the CREZ Assets, including execution of applications for such approvals, and including participating in any appeals or regulatory proceedings respecting the CREZ Assets at Lessee's cost and expense, if requested by Lessee.

5.5 ***Hazardous Materials*** . Lessor shall conduct its activities in respect of the CREZ Assets in compliance in all material respects with applicable Environmental Laws.

5.6 ***Litigation*** . If Lessor becomes aware of any actions, claims or other legal or administrative proceedings that are pending, threatened or anticipated with respect to, or which could materially and adversely affect, the CREZ Assets, Lessor shall promptly deliver notice thereof to Lessee.

5.7 ***Records*** . Lessor shall maintain proper books of record and accounts in conformity with GAAP and all applicable Regulatory Authorities and each other governmental agency or authority having legal or regulatory jurisdiction over Lessor.

5.8 ***Limitation*** . EXCEPT AS EXPRESSLY REPRESENTED OTHERWISE IN THIS ARTICLE V, LESSOR (A) MAKES NO AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) TITLE TO THE CREZ ASSETS OR ANY PORTION THEREOF, (II) ANY ESTIMATES OF THE VALUE OF THE CREZ ASSETS OR FUTURE REVENUES THAT MIGHT BE GENERATED BY THE CREZ ASSETS, (III) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE CREZ ASSETS, (IV) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OR (V) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO LESSEE OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO, AND (B) FURTHER DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY PORTION OF THE CREZ ASSETS, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT THE CREZ ASSETS ARE BEING LEASED "AS IS, WHERE IS," WITH ALL FAULTS AND DEFECTS, AND THAT LESSEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS LESSEE DEEMS APPROPRIATE.

ARTICLE VI
LOSS AND DAMAGE; INSURANCE

6.1 ***Loss and Damage to the CREZ Assets*** .

(a) In the event of any damage or loss to any component of the CREZ Assets, Lessee shall promptly repair or replace such component to the standards required by Section 4.1 (regardless of whether such repair or replacement constitutes a Repair or a Footprint Project). Notwithstanding anything to the contrary contained in this Agreement, any such repaired or replaced component will immediately become part of the CREZ Assets owned by Lessor and the cost of any repair or replacement shall be borne as described in Sections 6.1(b)-(d) below.

(b) If such repair or replacement constitutes a Repair, the cost of repairing or replacing such damage or loss, whether actually covered in whole or in part by insurance, shall be the responsibility of Lessee. In such circumstance, unless otherwise agreed by the Parties, (i) if the damage or loss is covered by insurance, Lessee shall be responsible for payment of any deductible, and (ii) any damage or loss not covered by insurance (exclusive of any deductible) shall be the responsibility of Lessee. If the sum of such deductible and insurance proceeds exceeds the cost of such Repair, then Lessee will retain such excess.

(c) If such repair or replacement constitutes a Footprint Project, then, as long as the related costs have been included in a CapEx Budget, the cost of repairing or replacing such damage or loss, whether actually covered in whole or in part by insurance, shall be the responsibility of Lessor. In such circumstance, unless otherwise agreed by the Parties, (i) if the damage or loss is covered by insurance, Lessor shall be responsible for payment of any deductible, and (ii) any damage or loss not covered by insurance (exclusive of any deductible) shall be the responsibility of Lessor. If the sum of such deductible and insurance proceeds exceeds the cost of such Footprint Project, then such excess will first reduce Lessor's obligation to fund the deductible hereunder, and any excess thereafter will be retained by Lessor. If such repair or replacement constitutes a Footprint Project that is not included in a CapEx Budget, the provisions of Article X shall apply.

(d) Lessee shall be solely responsible for all costs of repairing or replacing any damaged property and equipment that is not part of the CREZ Assets and owned by Lessee, whether covered by Lessee's insurance under Section 6.2 or otherwise. Nothing in this provision shall preclude Lessee from seeking recovery of such costs in a rate proceeding at the PUCT.

(e) If Lessor funds Lessee's Personal Property pursuant to Section 10.1(b) of this Agreement, then all such funded Personal Property will be treated as a Footprint Project, and not a Repair, for purposes of this Section 6.1.

6.2 ***Insurance*** . Lessee will maintain, with financially sound and reputable insurers, insurance with respect to its business and properties and the CREZ Assets against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, but in no event less than the insurance set forth in this Section 6.2 and Exhibit B .

(a) Lessee shall procure at its own expense and maintain in full force and effect at all times throughout the term of this insurance policies with insurance companies rated A-, 8 or higher by A.M. Best or acceptable to Lessor if not so rated, and authorized to do business in the State of Texas.

(b) Lessor may at any time amend the requirements and approved insurance companies described in this Section 6.2 or Exhibit B due to (i) new information not previously known by Lessor prior to the date of this Agreement or (ii) changed circumstances after the date of this Agreement, which in the reasonable judgment of Lessor either renders a required coverage to be materially inadequate or materially reduces the financial ability of the approved insurance companies to pay claims.

(c) On the first Business Day of each year, and promptly at such other times as Lessor may reasonably request, Lessee shall furnish Lessor with approved certification of all required insurance. Such certification shall be executed by each insurer or by an authorized representative of each insurer where it is not practical for such insurer to execute the certificate itself. Such certification shall identify underwriters, the type of insurance, the insurance limits, and the policy term, and shall specifically list the special provisions enumerated for such insurance required by this Section 6.2 and Exhibit B . Upon request, Lessee will promptly furnish Lessor with copies of all insurance certificates, binders, and cover notes or other evidence of such insurance relating to the CREZ Assets.

(d) Concurrently with the furnishing of the certification referred to in Section 6.2(c) and on an annual basis thereafter, Lessee shall furnish Lessor with a certificate, signed by an officer of Lessee, stating that all premiums then due have been paid and that the insurance then carried or to be renewed is in accordance with the terms of this Section 6.2. and Exhibit B .

(e) In the event Lessee fails to take out or maintain the full insurance coverage required by this Section 6.2 and Exhibit B , Lessor, upon thirty (30) days' prior notice (unless the aforementioned insurance would lapse within such period, in which event notice should be given as soon as reasonably possible) to Lessee of any such failure, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same. All amounts so advanced thereof by Lessor shall become an additional obligation of Lessee to Lessor, and Lessee shall forthwith pay such amounts to Lessor.

(f) No provision of this Section 6.2 or Exhibit B or any other provision of this Agreement, shall impose on Lessor any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by Lessee (nor shall any action taken, or not taken, by Lessor to verify the existence or adequacy of the insurance coverage maintained by Lessee affect the obligations of Lessee pursuant to this Section 6.2), nor shall Lessor be responsible for any representations or warranties made by or on behalf of Lessee to any insurance company or underwriter.

ARTICLE VII
REPORTING

7.1 ***Financing Arrangements*** .

(a) Lessee understands that Lessor, or an affiliate thereof, has raised equity and/or debt that may be secured by the CREZ Assets and this Agreement and that Lessor or its affiliates have reporting obligations in connection with such arrangements, including obligations to provide financial statements prepared in accordance with GAAP, to prepare an annual strategic plan and to update such annual strategic plan in the event of certain material deviations therefrom. Lessee understands that Lessor relies on Lessee in order to comply with such obligations. From time to time, Lessor or an affiliate thereof may enter into additional arrangements that impose similar obligations.

(b) Accordingly, Lessee agrees to provide Lessor in a timely manner:

(i) audited year-end financial statements and quarterly unaudited financial statements for the first three quarters of each year; and

(ii) such acknowledgements, certificates, permits, licenses, instruments, documents and other information as Lessor may reasonably request from time to time in connection with, or to enable Lessor and its affiliates to comply with any such debt or equity financing arrangements or with Applicable Law.

The Parties will negotiate in good faith the time frames during which Lessee will provide such information, with the intention that Lessee provide such information in a manner that is not unduly burdensome but that also allows Lessor sufficient time to comply with its reporting obligations.

(c) Lessee agrees that the unaudited interim financial statements provided pursuant to this Section 7.1 will be SAS 100 reviewed, and Lessee agrees to use commercially reasonable efforts to cause its auditors to consent to the inclusion of their opinion regarding Lessee's financial statements in filings with the SEC made by Lessor or an affiliate of Lessor (collectively, the " *SEC Reporting Requirements* "). Lessor may also request that Lessee provide evidence of a SAS 100 review from Lessee's auditors with respect to any unaudited interim financial statements included in any such filing. In addition to including Lessee's financial statements in the SEC filings of Lessor or an affiliate thereof, Lessor shall have the right to share any such financial statements with any party entitled to review such financial statements pursuant to the terms of any Debt Agreement.

(d) Lessee represents, warrants and covenants that (i) the financial statements provided pursuant to this Section 7.1 will fairly present in all material respects the financial condition, results of operations and cash flows of Lessee as of, and for, the periods presented, and (ii) Lessee will endeavor to cause such financial statements to comply with any Applicable Laws, rules or regulations that Lessee and Lessor conclude in good faith are applicable to such financial statements by virtue of their inclusion in the securities law filings of Lessor or an affiliate of Lessor.

(e) Lessee agrees that, in connection with any underwritten offering of the securities of Lessor or any affiliate thereof, Lessee will use commercially reasonable efforts to cause its auditors, at Lessor's cost, to provide a comfort letter (or its equivalent) to such underwriters, if requested by Lessor.

(f) Lessee will also cooperate with Lessor to enable Lessor to satisfy its obligations in respect of annual strategic plans, including providing Lessor with requested information in advance of the due date of such annual strategic plan and keeping Lessor apprised of deviations in capital expenditures, construction activity or revenues of Lessee from amounts that were originally provided by Lessee in preparing such annual strategic plan.

(g) Lessee shall, at the earliest practicable time, advise Lessor if Lessee will be unable to meet the reporting requirements set forth herein in a timely manner and to reasonably cooperate with Lessor to remedy the effects of such non-compliance.

7.2 ***Public Company and Regulatory Information and Cooperation*** .

(a) Lessee agrees to cooperate with Lessor when Lessor or an affiliate provides estimates to analysts and or investors regarding Lessor's expectations of its future operating results (including capital expenditures) and to cooperate with Lessor with respect to analysts and investors to the extent such expectations change in any material respect.

(b) Lessee and Lessor agree to reasonably cooperate to ensure that, to the extent they require information from the other Party in order (i) to prepare their financial statements, (ii) to obtain audits of those financial statements and, if required, of their internal control over financial reporting, (iii) to respond to comments of the SEC on such financial statements or statements related to internal control over financial reporting or disclosure controls and procedures, or (iv) to ensure the efficacy of their internal controls or disclosure controls and procedures, they will reasonably cooperate in order to ensure that each Party is able to meet its obligations in respect thereof.

(c) Lessee agrees to promptly notify Lessor of or provide to Lessor, as applicable, (i) any material communication, written or otherwise, submitted to Lessee by its auditors, including, but not limited to an audit response letter, accountant's management letter or other written report submitted to Lessee by its accountants or any Regulatory Authority in connection with an annual or interim audit of Lessee's books, (ii) any material correspondence with, reports of or reports to any Regulatory Authority with respect to the CREZ Assets and (iii) any notices of violations of Applicable Law with respect to the CREZ Assets, in each case taking into account Lessor's and any of its affiliates' reporting obligations with the SEC.

(d) Lessor agrees to inform Lessee of the time periods in which each of the items identified in this Section 7.2 will be required by providing written notice thereof to Lessee. Lessee shall, at the earliest practicable time, advise Lessor if Lessee will be unable to meet the reporting requirements set forth herein in a timely manner and reasonably cooperate with Lessor to remedy the effects of such non-compliance.

(e) If Lessor identifies additional matters with respect to which Lessee input, assistance or information is required in order for Lessor and its affiliates to comply with any applicable securities laws, the rules or regulations of any exchange on which the securities of such affiliate are traded or any similar laws, rules or regulations, the Parties agree to cooperate and negotiate in good faith in order to determine the manner in which Lessee can provide such input, assistance or information in a manner that positions Lessor and its affiliates to comply in a timely manner with such laws, rules or regulations, as efficiently as is feasible so as to minimize the burden that the provision of such input, assistance or information imposes on Lessee.

7.3 ***Mutual Obligations*** . Each Party shall as promptly as reasonably practicable furnish or cause to be furnished to the other Party, upon request from such Party, such

information as may be required to enable such Party to file any reports required to be filed with any governmental or Regulatory Authority due to such Party's ownership interest in or operation and control of the CREZ Assets, as applicable.

ARTICLE VIII
ASSIGNMENT

This Agreement shall not be assignable by either Party, nor shall the CREZ Assets or any part thereof be subleased by Lessee (except in a manner consistent with Section 1.2(b)), except with the prior written consent of the other Party and the prior approval of any Regulatory Authority whose approval is required for the effectiveness of such assignment or sublease. For purposes of this Article VIII, an "assignment" by Lessee shall mean and include, in addition to any direct transfer by Lessee to a third party of all or any part of Lessee's rights, estate or interests under this Agreement, any direct or indirect, voluntary or involuntary transfer of or encumbrance on all or any part of Lessee's rights, estate or interests under this Agreement (i) by operation of law and/or (ii) by direct or collateral transfer of all or any part of the legal or beneficial ownership interest in Lessee by merger, consolidation or otherwise, provided that, in the case of clause (ii), any such transaction or transactions will only constitute an assignment hereunder to the extent they result (whether in one or a series of transactions) in a Change of Control. Notwithstanding the foregoing, Lessor shall have the right, without Lessee's consent but subject to obtaining regulatory approval as described in the foregoing sentence, (a) to assign, pledge or grant a security interest in any or all of its interest in the Agreement to a lender or lenders, or a trustee acting on behalf of such lenders, in connection with a financing or refinancing in which such interest is pledged as collateral, and Lessee agrees to enter into such acknowledgments and agreements in respect thereof as the Lessor may reasonably request and (b) to assign its interest in this Agreement to a successor owner of the CREZ Assets.

ARTICLE IX
DEFAULT

9.1 ***Lessee Default*** .

(a) Subject to Section 9.3, Lessee shall be in default in the event of any of the following:

(i) Except as provided in Section 9.1(b), Lessee's failure to make any payment of Rent when due;

(ii) Lessee (A) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (E) is adjudicated as insolvent or to be liquidated, or (F) takes any action for the purpose of any of the foregoing;

(iii) A court or a Regulatory Authority of competent jurisdiction enters an order appointing, without consent by Lessee, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of Lessee or any such petition shall be filed against Lessee and such petition shall not be dismissed within 90 days;

(iv) Any representation or warranty made by Lessee herein shall prove to have been inaccurate in any material respect at the time made (unless any representation or warranty is already qualified by materiality or a similar qualification in which case such representation or warranty shall be accurate in all respects);

(v) A final judgment or judgments for the payment of money aggregating in excess of $1,000,000 are rendered against Lessee and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(vi) Lessee shall have breached or failed to comply in any material respect with any other covenant or agreement contained herein (unless any covenant or agreement is already qualified by materiality or a similar qualification, in which case such covenant or agreement shall have been complied with in all respects).

(b) Notwithstanding Section 9.1(a)(i), Lessee's failure to pay Rent when due shall not constitute an Event of Default if (i) such failure is due to unforeseeable circumstances arising. from a physical event beyond the control of the Lessee, including the incurrence of costs and expenditures as a result of such an event that are materially in excess of budgeted costs and expenditures or an unforeseen material decline in electricity usage as a result of such event and (ii) such failure is cured within ninety (90) days after the date such Rent was due through Lessee's payment of the entire amount of such unpaid Rent, plus interest thereon at a rate equal to six percent (6%) per annum or the maximum rate allowed by Applicable Law, whichever is lesser, from the date such Rent was originally due until the date of payment.

9.2 ***Lessor Default*** . Subject to Section 9.3, Lessor shall be in default in the event any representation or warranty made by Lessor herein shall prove to have been inaccurate in any material respect at the time made, or in the event Lessor breaches or fails to comply in any material respect with any covenant or agreement contained herein (unless any representation, warranty, covenant or agreement is already qualified by materiality or a similar qualification, in which case (a) such representation or warranty shall be accurate in all respects and (b) such covenant or agreement shall have been complied with in all respects).

9.3 ***Right to Cure*** . If a Party (the " *Defaulting Party* ") defaults pursuant to an Event of Default, such Defaulting Party shall not be in default of the terms of this Agreement if (other than in the event of a default described in Sections 9.1(a)(i), 9.1(a)(ii) and/or 9.1(a)(iii) above, none of which will be subject to a notice and cure period as provided below), (a) in the case of a Monetary Default (other than a Rent payment default pursuant to Section 9.1(a)(i), which shall not be subject to a notice and cure period except as set forth in Section 9.1(b)), the Defaulting Party pays the past due amount within thirty (30) days of receiving a Notice of Default from the other Party (the " *Non-Defaulting Party* "), and (b) in the case of a Non-Monetary Default, the Event of Default is cured within forty-five (45) days of receiving the Notice of Default; provided that, if the nature of the Non-Monetary Default requires, in the exercise of commercially reasonable diligence, more than forty-five (45) days to cure then the Defaulting Party shall not be in default as long as it commences performance of the cure within forty-five (45) days and thereafter completes such cure with commercially reasonable diligence within ninety (90) days of receiving such Notice of Default.

9.4 ***Remedies*** .

(a) Should an Event of Default remain uncured by the Defaulting Party, the Non- Defaulting Party shall have and shall be entitled to exercise the remedies provided in this Section 9.4 and any and all other remedies available to it at law or in equity, all of which remedies shall be cumulative; provided that the exercise of any remedies hereunder shall be subject to PUCT and other required regulatory approvals to the extent applicable and the provisions of Section 2.2.

(b) In no way limiting the provisions of Section 9.4(a), in the case of an Event of Default of Lessee, Lessor shall have the right to (i) terminate the Agreement upon notice to Lessee, and recover from Lessee all damages to which Lessor is entitled under Applicable Laws, (ii) terminate Lessee's right to use and operate the CREZ Assets (other than leasehold improvements pursuant to Section 10.3) while keeping this Agreement in effect, and recover from Lessee all damages to which Lessor is entitled under Applicable Laws, and (iii) take reasonable action to cure Lessee's default at Lessee's expense; provided that, in the event of a violation of Applicable Laws by Lessee, an emergency or government or regulatory action in respect of which Lessor, in its reasonable discretion, determines immediate action is necessary, Lessor shall have the right to step in and take such action on behalf of Lessee at Lessee's cost and expense immediately upon giving notice to Lessee, notwithstanding any applicable cure period.

(c) Any amounts recovered by Lessor from Lessee in the event of a default shall, to the maximum extent permissible under Applicable Laws, be deemed to be in respect of past or future Rent owing under this Agreement.

ARTICLE X
CAPITAL EXPENDITURES

10.1 ***Capital Expenditures Generally*** .

(a) Lessee has provided to Lessor in the CapEx Budget the approximate amounts of Capital Expenditures that Lessee expects will be needed for purposes of funding Footprint Projects in each Lease Year through 2018. On or before October 15 of each calendar year, Lessee shall review and revise the CapEx Budget on a rolling three-year basis (which shall include, if applicable, any year in such three-year period following the end of the then-current Term and assume the renewal of this Agreement pursuant to Section 2.1), taking into account any changed circumstances that (i) make it no longer feasible to incur one or more of the costs reflected on the prevailing CapEx Budget, (ii) make it necessary to amend the nature or amounts reflected for a particular Footprint Project or (iii) dictate that additional Footprint Projects be added (such budget, as so updated and revised, is referred to herein as the " *CapEx Budget* "). Lessee agrees to revise the CapEx Budget to include any Footprint Projects (x) required by Regulatory Authorities or (y) reasonably necessary to satisfy Lessee's obligation as a regulated utility to serve its customers or to maintain the safety or reliability of the CREZ Assets. Capital Expenditures included in a CapEx Budget will be included based on the date such Capital Expenditures are to be incurred (notwithstanding that Incremental CapEx and Lessee CapEx are otherwise measured under this Agreement based on when the assets developed with such Capital Expenditures are placed in service, and not when they are incurred).

(b) If requested by Lessor, Lessee will also provide an estimate of any Capital Expenditures that Lessee expects for purposes of funding Personal Property related to the CREZ Assets. If Lessor and Lessee agree, Lessor will fund such Capital Expenditures pursuant to this Agreement, through a loan or through a separate lease. Amounts Lessor provides pursuant to this Agreement to fund any such Personal Property will be treated in a manner similar to any amounts Lessor provides to fund Footprint Projects for purposes of Section 3.2 and elsewhere herein. Lessee will cause any such Personal Property to be titled in Lessor's name and will reasonably cooperate with Lessor in order to enable any secured lender of Lessor or any secured lender of an affiliate of Lessor to perfect its security interest in any such Personal Property. In the alternative, Lessor may elect to fund such Capital Expenditures through a TRS or to loan (or cause such TRS to loan) Lessee the cash to acquire any such Personal Property in a transaction in which Lessor or a TRS may retain a security interest in such Personal Property. In such case the Parties shall negotiate in good faith the terms under which Lessor or such TRS shall fund any such Personal Property, including the terms of any lease between Lessee and the TRS or other financing arrangements provided by the Lessor or the TRS.

10.2 ***Capital Expenditures Funded by Lessor*** . Lessor agrees to fund any Footprint Projects contained in the CapEx Budget (as revised from time to time). Lessor's obligation to fund Footprint Projects pursuant to this Section 10.2 shall include any costs associated with such Footprint Projects that Lessee is not allowed to recover through its PUCT-approved rates. Any Footprint Projects funded by Lessor under this Section 10.2 shall be deemed to be part of the CREZ Assets upon completion.

10.3 ***Capital Expenditures Funded by Lessee*** . Except as set forth in this Section 10.3, Lessee may not fund any Footprint Projects. In the event Lessor fails to fund any Footprint Projects, Lessee may at its sole discretion fund the needed capital expenditures (and Lessee shall be entitled to applicable damages, if any, as a result of funding any such Footprint Projects); provided that, in such circumstance, Lessee may fund Severable Footprint Projects without restriction under this Section 10.3 but may only fund Nonseverable Footprint Projects which are required in order to comply with Applicable Law or which are required by any Regulatory Authority. Subject to Section 10.5, any Footprint Projects funded by Lessee under this Section 10.3 shall not be considered part of the CREZ Assets for purposes of this Agreement; provided however , that any part of the CREZ Assets that is built with CIAC funds shall be considered a leasehold improvement that is part of the CREZ Assets and reverts to the Lessor upon termination of this Agreement without further payment from Lessor to Lessee under Section 2.3.

10.4 ***Footprint Project Construction Activities*** . Lessee will either use its personnel, or either Lessee or Lessor will contract with third parties, to construct Footprint Projects. Lessee shall be responsible for the oversight of such construction activities, regardless of whether the Footprint Project is funded by Lessor or Lessee. Lessee's construction activities and oversight shall be intended to ensure that such construction is performed in a manner consistent with Good Utility Practice and Applicable Law and does not adversely affect the reliability and safety of the CREZ Assets or the ERCOT electric grid. In connection therewith, Lessor will reimburse Lessee for all Project Management Costs that Lessee incurs in connection with constructing such Footprint Project, provided that any costs and expenses of Lessee under this Section 10.4 must be included in any CapEx Budget submitted by Lessee under Section 10.1 or approved by Lessor to qualify for reimbursement by Lessor hereunder.

10.5 ***Ownership of Footprint Projects*** .

(a) Each Footprint Project shall be owned by the Party that funded the Capital Expenditures used to construct such Footprint Project; provided however , that any part of the CREZ Assets that is built with CIAC funds shall be considered a leasehold improvement that is part of the CREZ Assets and shall revert to the Lessor upon termination of this Agreement without further payment from Lessor to Lessee under Section 2.3.

(b) Upon the expiration or termination of this Agreement, Lessor shall have the right (but not the obligation) to purchase, subject to required regulatory approvals, any Nonseverable Footprint Projects or Severable Footprint Projects owned by Lessee at the greater of (i) net book value plus ten percent (10%) and (ii) the fair market value thereof as determined by mutual agreement of Lessor and Lessee. If the Parties fail to agree on the amount of the purchase price, the purchase price shall be submitted to arbitration in accordance with Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine the amount of the purchase price, based on submissions by each of the Lessee and the Lessor. Lessee shall be entitled to remove any Severable Footprint Projects owned by Lessee upon the expiration or termination of this Agreement in the event such Severable Footprint Projects are not purchased by Lessor, subject to any required regulatory approvals.

10.6 ***Asset Acquisitions*** . Lessee and Lessor will cooperate in good faith to ensure that all CREZ Assets are acquired in Lessor's name or are acquired by Lessee and subsequently transferred to Lessor. In connection therewith, Lessee agrees (a) to transfer to Lessor all previously acquired CREZ Assets, (b) that any future-acquired CREZ Assets will be deemed automatically transferred to Lessor, (c) to take reasonable actions as are necessary and appropriate to document the transfer of any such CREZ Assets to Lessor and, if applicable, to memorialize the security interest in such CREZ Assets required to be granted pursuant to the terms of the Debt Agreements, including through the delivery and recordation of mortgages, deeds of trust or UCC financing statements, and (d) to take reasonable steps to record the transfer and such security interest in the records of the applicable county or other applicable locale in which the CREZ Assets are located.

10.7 ***Reimbursements*** . From time to time, Lessee may enter into interconnect or similar agreements that obligate the counterparty to such agreements to reimburse Lessee for Capital Expenditures in certain circumstances. Such reimbursement obligation may, in some circumstances, be accompanied by additional security such as a parent guaranty or a letter of credit. If and to the extent that (a) Lessor funds Capital Expenditures that are used for the construction or development pursuant to any of these interconnect agreements, and (b) Lessee becomes entitled to assert any reimbursement or other rights pursuant to any such interconnect agreements, then, unless Lessor agrees otherwise, Lessee will enforce such reimbursement or other rights and will in turn promptly reimburse Lessor for the amount of related Capital Expenditures that Lessor has funded pursuant hereto. Lessee further agrees to reimburse Lessor for other Capital Expenditures that Lessor has funded pursuant to this Agreement to the extent required by the Policies and Procedures.

ARTICLE XI
REGULATORY COOPERATION

11.1 ***Jurisdiction*** . The Parties recognize that (i) the CREZ Assets and the operation thereof are subject to the jurisdiction of the PUCT and to certain reliability and safety requirements of ERCOT, NERC and TRE, and (ii) Lessee holds CCNs for operation of the CREZ Assets. The Parties agree that, as the lessee hereunder, as operator of the CREZ Assets and as the holder of the CCNs, Lessee shall be responsible for compliance with all regulatory requirements related to the CREZ Assets, including but not limited to, taking all actions reasonably necessary or advisable to comply with such requirements; preparing and filing all necessary notices, reports, applications, and other materials with the PUCT, ERCOT, SPP, TRE and NERC; and initiating, prosecuting, defending or participating in any administrative or judicial proceeding reasonably necessary or advisable to operate the CREZ Assets in an economical and efficient manner. Lessee shall consult with Lessor prior to initiating any rate proceeding with the PUCT to change the rates Lessee can lawfully charge, provided that, with or without Lessor consent, Lessee shall be authorized to initiate any such rate proceeding. Upon Lessor's request, Lessee shall file a rate proceeding before the PUCT; provided that, Lessor shall be responsible for reimbursing Lessee for all costs associated with prosecution of such proceeding requested by Lessor to the extent that such costs are not recoverable in Lessee's PUCT-approved rates.

11.2 ***Cooperation*** . The Parties agree that during the term of this Agreement they will cooperate to assure compliance with all Applicable Laws or other lawful requests of any Regulatory Authorities that relate to the CREZ Assets and Lessee's obligations as the holder of the CCNs and will provide such information to such Regulatory Authorities as the other Party or such Regulatory Authorities may reasonably request in connection therewith. Lessor further agrees to use its best efforts to cooperate and promptly respond to any lawful requests from Lessee relating to Lessee's efforts to comply with all regulatory requirements or to participate in any necessary or advisable legal proceedings, whether judicial or administrative. Each Party shall bear its own costs in complying with this paragraph.

ARTICLE XII
INDEMNITY

12.1 ***General Indemnity*** . EACH PARTY (THE *"INDEMNIFYING PARTY"*) SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE OTHER PARTY AND THE OTHER PARTY'S RELATED PERSONS (EACH, AN *" INDEMNIFIED PARTY"*) FROM AND AGAINST ANY AND ALL CLAIMS, LITIGATION, ACTIONS, PROCEEDINGS, INVESTIGATIONS, JUDGMENTS, LOSSES, DAMAGES, LIABILITIES, OBLIGATIONS, COSTS AND EXPENSES, INCLUDING ATTORNEYS', INVESTIGATORS' AND CONSULTING FEES, COURT COSTS AND LITIGATION EXPENSES (COLLECTIVELY, " *CLAIMS* ") SUFFERED OR INCURRED BY SUCH INDEMNIFIED PARTY, **EVEN IF SUCH LIABILITIES ARE CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF ANY INDEMNIFIED PARTY,** (A) ARISING FROM THE ACTS OR OMISSIONS TO ACT OF THE INDEMNIFYING PARTY (B) ARISING IN THE CASE OF THE LESSEE AS THE INDEMNIFYING PARTY, FROM THE OPERATION OF THE CREZ ASSETS, (C) FOR PHYSICAL DAMAGE TO THE CREZ ASSETS, TO THE EXTENT CAUSED BY THE INDEMNIFYING PARTY OR ANY RELATED PERSON THEREOF, (D) FOR PHYSICAL INJURIES OR DEATH (INCLUDING BY REASON OF USE, REPAIR, OPERATING OR MAINTAINING THE CREZ ASSETS) TO OR OF THE INDEMNIFIED PARTY OR THE PUBLIC, TO THE EXTENT CAUSED BY THE INDEMNIFYING PARTY OR ANY RELATED PERSON THEREOF, (E) ANY BREACH OF ANY COVENANT OR ANY FAILURE TO BE TRUE OF ANY REPRESENTATION OR WARRANTY, MADE BY THE INDEMNIFYING PARTY UNDER THIS AGREEMENT OR (F) ARISING FROM THE NEGLIGENCE, RECKLESSNESS OR INTENTIONAL MISCONDUCT OF THE INDEMNIFYING PARTY OR ANY RELATED PERSON THEREOF; PROVIDED , HOWEVER , THAT IN NO EVENT SHALL THE INDEMNIFYING PARTY BE RESPONSIBLE FOR DEFENDING, INDEMNIFYING OR HOLDING HARMLESS ANY INDEMNIFIED PARTY TO THE EXTENT OF ANY CLAIM CAUSED BY, ARISING FROM OR CONTRIBUTED TO BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. AS USED HEREIN, THE TERM *" RELATED PERSON"* SHALL MEAN ANY AFFILIATES, CONTRACTORS, LESSEES, AND SUBLESSEES, AND EACH OF THEIR RESPECTIVE, PRINCIPALS, OFFICERS, EMPLOYEES, SERVANTS, AGENTS, REPRESENTATIVES, SUBCONTRACTORS, LICENSEES, INVITEES, GUESTS, SUCCESSORS AND/OR ASSIGNS OF A PARTY; PROVIDED THAT IN NO EVENT SHALL A PARTY BE DEEMED A RELATED PERSON WITH RESPECT TO THE OTHER PARTY.

12.2 ***Environmental Indemnity*** .

(a) To the fullest extent permitted by law, Lessee shall defend, indemnify and hold harmless Lessor and Lessor's Related Persons from Claims (including, without limitation, any costs and expenses of clean up or other investigation or corrective action) suffered or incurred by such Persons resulting from any of the following occurring from and after the date on which Lessee assumed development or operational control over the relevant property: (i) the presence or release of Hazardous Materials in, under or about the CREZ Assets which are or were brought or permitted to be brought onto the CREZ Assets by the Lessee or Lessee's Related Persons, (ii) creation of any hazardous or potentially hazardous environmental conditions or exacerbation of a pre-existing environmental condition, (iii) the violation or alleged violation of any Environmental Law by Lessee or Lessee's Related Persons or (iv) any other failure to comply with Section 4.6 by Lessee or Lessee's Related Persons.

(b) To the fullest extent permitted by law, Lessor shall defend, indemnify and hold harmless Lessee and Lessee's Related Persons from Claims (including, without limitation, any costs and expenses of clean up or other investigation or corrective action) suffered or incurred by such Persons resulting from (i) the presence or release of Hazardous Materials in, under or about the CREZ Assets which are or were brought or permitted to be brought onto the CREZ Assets by Lessor or Lessor's Related Persons during construction of the CREZ Assets or any improvement or addition to the CREZ Assets, (ii) the violation or alleged violation of any Applicable Law by Lessor or Lessor's Related Persons, or (iii) testing conducted under Section 4.6 by Lessor or Lessor's Related Persons.

12.3 ***Survival*** . The indemnification obligations under this Article XII shall survive the expiration or earlier termination of this Agreement.

ARTICLE XIII
MISCELLANEOUS

13.1 ***Limitation of Damages*** . EXCEPT FOR DAMAGES PAID TO THIRD PARTIES TO WHICH AN INDEMNITY OR CONTRIBUTION UNDER SECTION(S) 12.1 AND/OR 12.2 APPLIES, NEITHER PARTY SHALL BE LIABLE FOR ANY LOST OR PROSPECTIVE PROFITS, AND IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO, HOWSOEVER CAUSED. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS SECTION 13.1 SHALL IN ANY MANNER LIMIT OR OTHERWISE RESTRICT (I) THE OBLIGATION OF LESSEE TO PAY RENT IN ACCORDANCE WITH ARTICLE III OR (II) A PARTY FROM COLLECTING ANY AMOUNT VALIDLY OWING UNDER AND CALCULATED IN ACCORDANCE WITH SECTIONS 6.1, 6.2, 9.4, 10.7, 13.2 AND 13.7.

13.2 ***Condemnation*** . In the case of a condemnation or taking, this Agreement shall continue in effect; provided that this Agreement shall terminate if 75% or more of the CREZ Assets is subject to the condemnation or taking. Lessor shall be entitled to all sums

received by reason of any such taking or condemnation, except for that portion of such award, if any, which is expressly awarded for the Lessee's leasehold interest under this Agreement or which is awarded for any property owned by Lessee (including any Footprint Projects funded by Lessee). Lessor shall have the right, in its sole discretion, to challenge any condemnation or taking of the CREZ Assets by proper proceedings, and Lessee shall not institute any such challenge without the prior written consent of Lessor.

13.3 ***Confidentiality*** . To the full extent allowed by Applicable Law, each Party (the " *Receiving Party* ") shall maintain, for the benefit of the other Party (the " *Disclosing Party* "), in the strictest confidence all information pertaining to the financial terms of or payments under this Agreement, the Disclosing Party's methods of operation, methods of the CREZ Assets, and the like, whether disclosed by the Disclosing Party or discovered by the Receiving Party, unless such information either (i) is in the public domain by reason of prior publication through no act or omission of the Receiving Party or its employees or agents, (ii) was already known to the Receiving Party at the time of disclosure and which the Receiving Party is free to use or disclose without breach of any obligation to any Person or (iii) is required to be disclosed by the PUCT or other Regulatory Authorities, or must be disclosed in accordance with applicable securities laws or tax laws or the rules of any applicable securities exchange on which the securities of the Receiving Party (or an affiliate thereof) are traded. To the full extent permitted by law, neither Party shall use such information for its own benefit, publish or otherwise disclose it to others, or permit its use by others for their benefit or to the detriment of the other Party. Notwithstanding the foregoing, the Receiving Party may disclose such information to any auditor or to the Receiving Party's equity investors, lenders, attorneys, accountants and other personal advisors; any prospective purchaser of the CREZ Assets or the direct or indirect owner thereof; or pursuant to lawful process, subpoena or court order; provided that the Receiving Party, in making such disclosure, advises the Party receiving the information of the confidentiality of the information and obtains the agreement of said Party not to disclose the information.

13.4 ***Successors and Assigns*** . The Agreement shall inure to the benefit of and be binding upon Lessor and Lessee and, to the extent provided in any assignment or other transfer under Article VIII hereof, any permitted assignee, and their respective heirs, transferees, successors and assigns, and all persons claiming under them. References to Lessee in this Agreement shall be deemed to include assignees that hold a direct ownership interest in this Agreement and actually are exercising rights under this Agreement to the extent consistent with such interest.

13.5 ***Rent Obligations Not Excused by Force Majeure, Etc*** **.** Subject to Section 9.1(b), Lessee shall not be excused from its obligation to pay Rent during any Force Majeure Event or a condemnation or casualty of all or any part of the CREZ Assets.

13.6 ***Further Assurances; Policies and Procedures*** .

(a) Each Party will, from time to time, execute, cause to be acknowledged and deliver such documents or instruments, and provide such certificates, as the other Party may reasonably request to carry out and fulfill the transactions, and permit the exercise and performance of the rights and obligations, as are contemplated hereunder. Each Party will

cooperate with the other Party to effectuate fully the purposes and intent of this Agreement. In no way limiting the foregoing, the Parties shall cooperate to obtain any necessary regulatory approvals, including, without limitation, providing timely responses to discovery requests, participating in regulatory proceedings to the extent necessary and generally providing assistance as required.

(b) From time to time, the Parties shall agree to policies and procedures regarding matters arising under this Agreement including, without limitation, the treatment of Capital Expenditures for canceled Footprint Projects, each Party's reporting obligations and such additional matters as the Parties may identify (the " *Policies and Procedures* "). The Parties agree to cooperate and negotiate in good faith the Policies and Procedures, and any amendment or revision thereto that may be reasonably requested by either Party, and to memorialize the same in a writing executed by a representative of each Party. In the event the Parties cannot agree on the terms of such Policies and Procedures, then either the Lessee or the Lessor may submit such matters to arbitration pursuant to Section 13.7, pursuant to which the Arbitration Panel shall be empowered to determine Policies and Procedures that take into account InfraREIT's reporting obligations as a public company and Lessee's obligations as a regulated utility.

13.7 ***Arbitration*** . Except for a dispute regarding the payment of Undisputed Rent, any dispute under this Agreement shall, if not resolved by the Parties within ninety (90) days after notice of such dispute is served by one Party to the other (or, if different, the period provided for resolution by the Parties in the provision of this Agreement under which such dispute is brought), be submitted to an " *Arbitration Panel* " comprised of three (3) members. No more than one (1) panel member may be with the same firm, and no panel member may have an economic interest in the outcome of the arbitration. In addition to the foregoing, the failure by the Lessee and the Lessor to reach an agreement or make a mutual determination or characterization required by Sections 2.2(b); 2.3; 3.1 (the first paragraph thereof); 3.1(d)(i); 3.1(d)(ii); 3.1(d)(iii); 3.2(a); 3.2(d); 3.3(e); 3.8; 10.5(b) or 13.6(b), in each case after 60 days of negotiating in good faith, shall be deemed to be a "dispute" for purposes of this Section 13.7, to be resolved in accordance with this Section.

(a) The Arbitration Panel shall be selected as follows: Within five (5) Business Days after the expiration of the period referenced above, Lessee shall select its panel member meeting the criteria of the above paragraph (the " *Lessee Panel Member* ") and Lessor shall select its panel member meeting the criteria of the above paragraph (the " *Lessor Panel Member* "). If a Party fails to timely select its respective panel member, the other Party may notify such Party in writing of such failure, and if such Party fails to select its respective panel member within three (3) Business Days from such notice, then the other Party may select such panel member on such Party's behalf. Within five (5) Business Days after the selection of the Lessor Panel Member and the Lessee Panel Member, the Lessee Panel Member and the Lessor Panel Member shall jointly select a third panel member meeting the criteria of the above paragraph (the " *Third Panel Member* "). If the Lessor Panel Member and the Lessee Panel Member fail to timely select the Third Panel Member and such failure continues for more than three (3) Business Days after written notice of such failure is delivered to the Lessor Panel Member and Lessee Panel Member by either Lessor or Lessee, either Lessor or Lessee may request the managing officer of the American Arbitration Association to appoint the Third Panel Member.

(b) Within ten (10) Business Days after the selection of the Arbitration Panel, each Party shall submit to the Arbitration Panel a written statement identifying its summary of the issues and claims, including, if applicable, its calculation of Rent. Any Party may also request an evidentiary hearing on the merits in addition to the submission of written statements. The Arbitration Panel shall make its decision within twenty (20) days after the later of (i) the submission of such written statements of particulars, and (ii) the conclusion of any evidentiary hearing on the merits, and shall take into consideration the relative risks and rewards undertaken and capital invested by each Party and shall use the Comparable Rate of Return concept described in Section 3.2(a) in determining any Rent disputes. The Arbitration Panel shall reach its decision by majority vote and shall communicate its decision by written notice to the Parties.

(c) The decision by the Arbitration Panel shall be final, binding and conclusive and shall be non-appealable and enforceable in any court having jurisdiction. All hearings and proceedings held by the Arbitration Panel shall take place in Dallas, Texas.

(d) The resolution procedure described herein shall be governed by the Commercial Rules of the American Arbitration Association and subject to the Texas General Arbitration Act to the extent such act is applicable hereto.

(e) In the case of an arbitration proceeding involving a determination of Rent and Percentage Rent, until Rent and Percentage Rent have been finally determined, Lessee shall pay Rent and Percentage Rent based upon prevailing rates therefor, and an appropriate refund shall be made to or additional Rent shall be paid by Lessee within ten (10) days after a final determination is made.

(f) The Parties shall bear equally the fees, costs and expenses of the Arbitration Panel in conducting the arbitration.

13.8 ***Notices*** . All notices or other communications required or permitted by this Agreement, including payments to Lessor, shall be in writing and shall be served personally or by reputable express courier service or by facsimile transmission addressed to the relevant parties at the address stated below or at any other address notified by that Party to the other as its address for service. Any notice so given personally shall be deemed to have been served on delivery, any notice so given by express courier service shall be deemed to have been served the next Business Day after the same shall have been delivered to the relevant courier, and any notice so given by facsimile transmission shall be deemed to have been served on dispatch. As proof of such service it shall be sufficient to produce a receipt showing personal service, the receipt of a reputable courier company showing the correct address of the addressee or an activity report of the sender's facsimile machine showing the correct facsimile number of the Parties on whom notice is served and the correct number of pages transmitted. All communications, other than routine correspondence in the ordinary course of business, between the Parties pursuant to this Agreement shall be sent by the same method of communication by the Party sending the communication. The Parties' addresses for service are:

If to Lessor:

Sharyland Distribution & Transmission Services, L.L.C.
1807 Ross Avenue, 4 th Floor
Dallas, Texas 75201
Attention: Chief Executive Officer and General Counsel

If to Lessee:

Sharyland Utilities, L.P.
1807 Ross Avenue, 4 th Floor
Dallas, Texas 75201
Attention: Hunter Hunt

With a copy to:

General Counsel
Fax: (214) 855-6965

Any Party may change its address for purposes of this paragraph by giving written notice of such change to the other parties in the manner provided in this Section 13.8.

13.9 ***Entire Agreement; Amendments*** . This Agreement and the Policies and Procedures constitute the entire agreement between Lessor and Lessee respecting the subject matter hereof, and supersede any and all oral or written agreements. Any agreement, understanding or representation respecting the CREZ Assets, or any other matter referenced herein not expressly set forth in this Agreement, in the Policies and Procedures or in a subsequent writing signed by both Parties is null and void. For avoidance of doubt, the Second Amended and Restated Lease is hereby replaced in its entirety by this Agreement. This Agreement shall not be modified or amended except in a writing signed by both Parties. No purported modifications or amendments, including without limitation any oral agreement (even if supported by new consideration), course of conduct or absence of a response to a unilateral communication, shall be binding on either Party.

13.10 ***Legal Matters*** . This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, without regard to its conflicts of law principles. The Parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either Party shall not be employed in the interpretation of this Agreement and is hereby waived.

13.11 ***Partial Invalidity*** . Should any provision of this Agreement be held, in a final and unappealable decision by a court of competent jurisdiction, to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect, unimpaired by the holding.

13.12 ***Recording*** . Lessee shall not record this Agreement without the prior written consent of the Lessor. Lessee may record at its expense a memorandum of this Agreement in form and substance reasonably approved by Lessor.

13.13 ***Intention of Parties; True Lease*** .

(a) The Parties hereby declare that their relationship in and to the CREZ Lease Assets is and will be that of lessor and lessee, expressly subject to the terms, conditions, limitations and requirements set forth in this Agreement. Nothing contained in this Agreement will be deemed to constitute the Parties as partners or joint venturers or as principal and agent. The Parties intend for this Agreement to constitute a true lease with respect to the CREZ Lease Assets for US Federal, state and local income tax purposes, and each Party shall treat the Agreement as a true lease with respect to the CREZ Lease Assets for federal income tax reporting purposes.

(b) The Parties acknowledge that Lessor is indirectly owned, in part, by InfraREIT, which qualifies as a real estate investment trust (" *REIT* ") under the Code, and the Parties agree to negotiate in good faith any modification or amendment to this Agreement requested by Lessor to facilitate such qualification; provided that Lessee shall not be obligated to agree to any such modification or amendment if such modification or amendment would materially adversely affect Lessee or would be in conflict with Applicable Law or any regulations or orders of any Regulatory Authority. Notwithstanding anything to the contrary in this Agreement (including Section 13.3), Lessor may disclose to InfraREIT, and InfraREIT may disclose to any taxing authority, any information that Lessor or InfraREIT believes is relevant to supporting or maintaining InfraREIT's qualification as a REIT.

13.14 ***Rules of Construction*** . As used herein, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and all pronouns shall include the masculine, feminine and neuter, whenever the context and facts require such construction. The headings, captions, titles and subtitles herein are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. Except as otherwise indicated herein, all section, appendix, exhibit and schedule references in this Agreement shall be deemed to refer to the sections, appendices, exhibits and schedules of and to this Agreement, and the terms "herein," "hereof," "hereto," "hereunder" and words of similar import refer to this Agreement as a whole rather than to the particular provision in which such term is used. Whenever the words "including," "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner as though the words "but [is] not limited to" immediately followed the same. The language in all parts of this Agreement shall in all cases be construed simply according to the fair meaning thereof and not strictly against the party that drafted such language. Except as otherwise provided herein, references in this Agreement to any agreement, instrument or other document are to such agreement, instrument or other document as amended, modified or supplemented from time to time.

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IN WITNESS WHEREOF, Lessor and Lessee, acting through their duly authorized representatives, have executed this Agreement with the intent that it be effective as of the Effective Date, and certify that they have read, understand and agree to the terms and conditions of this Agreement.

LESSOR:

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

By: /s/ Brant Meleski
Name: Brant Meleski
Title: SVP and Chief Financial Officer

LESSEE:

SHARYLAND UTILITIES, L.P.

By: /s/ Greg Wilks
Name: Greg Wilks
Title: Chief Financial Officer

APPENDIX A

DEFINITIONS

"2009 Note Purchase Agreement" has the meaning set forth in Section 4.13.

"2010 Note Purchase Agreement" has the meaning set forth in Section 4.13.

"2014 Credit Agreement" has the meaning set forth in Section 4.13.

"2015 Credit Agreement" has the meaning set forth in Section 4.13.

"2015 Note Purchase Agreement" has the meaning set forth in Section 4.13.

"Additional Rent" has the meaning set forth in Section 3.4.

"AFUDC" means allowance for funds used during construction.

"Agreed-to-Discount" has the meaning set forth in Section 3.2(a).

"Agreement" has the meaning set forth in the Preamble.

"Annual Percentage Rent Breakpoint" means the dollar value of annual Gross Revenues that must be exceeded in a particular Lease Year before Percentage Rent is owed, as set forth on the then-effective Rent Supplement.

"Applicable Laws" means all laws, ordinances, statutes, orders and regulations of any federal, state, or local government, regulatory or administrative authority, any agency or commission thereof, or any court or tribunal, including without limitation all requirements of the Regulatory Authorities, including Environmental Laws.

"Arbitration Panel" has the meaning set forth in Section 13.7.

"assignment" has the meaning set forth in Article VIII.

"Base Rent" has the meaning set forth in Section 3.1(a).

"Business Day" means a day other than a Saturday, Sunday or other day on which federal agencies are authorized or required by law to close.

"CapEx Budget" has the meaning set forth in Section 10.1(a).

"Capital Expenditures" means expenditures that are or are expected to be capitalized under GAAP.

"CCN" means a Certificate of Convenience and Necessity or amendment thereto issued by the PUCT.

"CFO Certificate" means a document signed by the Chief Financial Officer of Lessee and certifying to the accuracy and completeness of the statement of Gross Revenues.

"Change of Control" means Hunt Family Members cease to possess, directly or indirectly, the power to direct or cause the direction of the management or policies of Lessee, whether through the ability to exercise voting power, by contract or otherwise.

"CIAC" means any contributions in aid of construction from current or prospective customers, plus any additional payments as a tax gross up for such contributions, with respect to which Lessee does not receive or anticipate receiving an increase in its regulatory rate base.

"Claims" has the meaning set forth in Section 12.1.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Station" means the four collection stations currently known as Tule Canyon Station, Windmill Station, Ogallala Station and Alibates Station.

"Comparable Rate of Return" has the meaning set forth in Section 3.2(a).

"Consolidated Net Plant" means, with respect to any Person, as of the date of determination, the net plant set forth on the face of the consolidated balance sheet of such Person or absent such amount on the consolidated balance sheet, the total plant of such Person on a consolidated basis minus accumulated depreciation as set forth in the footnotes of the consolidated financial statements, in each case, for the fiscal quarter ended on the date of the last financial statements delivered pursuant to Section 7.1 of the 2014 Credit Agreement.

"Consolidated Qualified Lessee" means any Qualified Lessee that is consolidated into the financial statements of another Qualified Lessee.

"Covered Revenue" means any fees, charges or other revenues (a) that are characterized as Unadjusted Gross Revenues (or Gross Revenues) for purposes hereof or for purposes of any other similar lease (x) between Lessee and Lessor or an affiliate thereof or (y) between Lessee and any of its wholly-owned subsidiaries, (b) that are specifically excluded from the definition of "Gross Revenue" hereunder or under any similar lease, or (c) that are generated from the Rate Base of regulated assets owned or operated by a party other than Lessor or a subsidiary thereof.

"Credit Agreements" has the meaning set forth in Section 4.13.

"CREZ Assets" means the integrated electrical transmission facilities connected to the *ERCOT* electric grid owned by Lessor and located within the area depicted on Exhibit A and the systems and other property necessary to operate such transmission facilities, together with the exclusive right to occupy and use all of Lessor's interest (whether by fee ownership, easement, lease, sublease, franchise or license) (other than to the extent expressly reserved to Lessor herein) in the premises upon which such facilities are situated (together with (i) any facilities that were added to the CREZ Project through the completion of the

CREZ Project and (ii) any components of the CREZ Assets that are repaired or replaced pursuant to Section 6.1) and assets that constitute Footprint Projects identified from time to time pursuant to Rent Supplements (other than any such Footprint Projects funded by Lessee pursuant to Section 10.3), as modified by Section 1.1(b).

"CREZ Lease Assets" means the CREZ Assets, excluding any Footprint Project included in the definition of "CREZ Assets," unless (i) such Footprint Project has been placed in service and (ii) a Rent Supplement has been executed with respect to such Footprint Project.

"CREZ Project" means the construction project to build the Transmission Lines and Collection Station.

"Debt Agreements" has the meaning set forth in Section 4.13.

"Defaulting Party" has the meaning set forth in Section 9.3.

"Disclosing Party" has the meaning set forth in Section 13.3.

"Effective Date" has the meaning set forth in the Preamble.

"Entity" means any Person, other than any natural person.

"Environmental Law" means any and all Legal Requirements regulating, relating to or imposing liability or standards of conduct concerning protection of natural resources or the environment, or environmental impacts on human health as now or may at any time hereafter be in effect.

"ERCOT" means the Electric Reliability Council of Texas, or its successors.

"ERCOT Transmission Lease" means the Lease Agreement (ERCOT Transmission Assets) between Lessor and Lessee effective as of December 1, 2014, as the same may be amended from time to time.

"ERCOT Transmission Revenues" means Lessee's Unadjusted Gross Revenues from regulated electric transmission systems operated by Lessee within ERCOT pursuant to the PUCT's transmission cost of service mechanism, including any such Unadjusted Gross Revenues that Lessee collects from retail electric providers through its transmission cost recovery factor included in its distribution rates.

"Event of Default" means an event described in Section 9.1(a) or Section 9.2.

"Excess Percentage Rent" has the meaning set forth in Section 3.3(a).

"Expected Incremental CapEx" has the meaning set forth in Section 3.2(a).

"Extended Period of Operatorship" has the meaning set forth in Section 2.2(b).

"Extended Period Rent" means Rent that applies during any Extended Period of Operatorship beyond the Term, which will be negotiated using the Comparable Rate of Return methodology set forth in Article III.

"FERC" means the Federal Energy Regulatory Commission, or its successors.

"FERC Uniform System of Accounts" has the meaning set forth in Section 1.1(b)(viii).

"First Lease Quarter Percentage Rent Breakpoint" has the meaning set forth in Section 3.1(c).

"Footprint Projects" means T&D Projects that are (i) (A) transmission assets that are added to an existing transmission substation that comprises a part of the CREZ Assets or hang from transmission towers that comprise a part of the CREZ Assets or (B) Reclassified Projects and (ii) funded by expenditures that are or are expected to be capitalized under GAAP and that are within the items described in Section 1.1(b)(i)-(v) (specifically excluding Section 1.1(b)(vi)).

"Force Majeure Event" means, except to the extent resulting from the action or inaction of Lessee or within the control of Lessee, fire, earthquake, hurricane, flood, or other casualty or accident; strikes or labor disputes; war, civil strife or other violence; any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility; or any other act or condition beyond the reasonable control of Lessee.

"GAAP" means generally accepted accounting principles in effect in the United States of America.

"Good Utility Practice" shall be as defined from time to time by PUCT and, as of the date hereof, means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.

"Gross Revenues" has the meaning set forth in Section 3.1(d)(i).

"Hazardous Materials" means (A) any substance which is listed, defined, designated or classified under any Applicable Law as a (i) hazardous material, substance, constituent or waste, (ii) toxic material, substance, constituent or waste, (iii) radioactive material, substance, constituent or waste, (iv) dangerous material, substance, constituent or waste, (v) pollutant, (vi) contaminant, or (vii) special waste; (B) any material, substance, constituent or waste regulated under any Applicable Laws; or (C) petroleum, petroleum products, radioactive matters, polychlorinated biphenyl, pesticides, asbestos or asbestos-containing materials.

"Hunt Family Members" means (i) Ray L. Hunt; (ii) the spouse of Ray L. Hunt and each of his children and siblings; (iii) the spouse and lineal descendants of any Person identified in the foregoing clause (ii); (iv) any trust or account primarily for the benefit of any Person or Persons identified in the foregoing clauses (i), (ii) or (iii); (v) any corporation, partnership or other Entity in which any of the Persons identified in the foregoing clauses (i), (ii), (iii) or (iv) are the beneficial owners of substantially all of the shares of capital stock, membership interests, partnership interests or other equity interests and options or warrants to acquire, or securities convertible into, capital stock, membership interests, partnership interests or other equity securities of an Entity; and (vi) the personal representative or guardian of any of the Persons identified in the foregoing clauses (i), (ii) and (iii) upon such Person's death for purposes of the administration of such Person's estate or upon such Person's disability or incompetency for purposes of the protection and management of the assets of such Person.

"Incremental CapEx" means Lessor-funded Capital Expenditures related to CREZ Assets that are placed in service, as and when such CREZ Assets are placed in service, as adjusted (y) for any applicable AFUDC and/or depreciation, and (z) to reflect the effect of the deferred tax liability or deferred tax asset, as applicable.

"Indebtedness" with respect to any Person means, at any time, without duplication (a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable preferred stock; (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property); (c)(i) all liabilities appearing on its balance sheet prepared in accordance with GAAP in respect of capital leases; and (ii) all liabilities which would appear on its balance sheet prepared in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as capital leases; provided , however , that for purposes of this definition (including with respect to clauses (i) and (ii) hereof), (x) this Agreement and any similar lease between Lessor (or any subsidiary) and Lessee and (y) any lease between Lessee and any of its wholly-owned subsidiaries shall not be treated as a capital lease; (d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); (e) all of its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money), provided , however , that for purposes of this definition, any surety bonds or indemnification agreements entered into by Lessee (with respect to which Lessee or a subsidiary has a reimbursement or backstop obligation) in connection with condemnation proceedings shall be excluded; (f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and (g) any guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) of this definition. Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Indemnified Party" has the meaning set forth in Section 12.1.

"Indemnifying Party" has the meaning set forth in Section 12.1.

"InfraREIT" means InfraREIT, Inc., a Maryland corporation.

"Initial Term" has the meaning set forth in Section 2.1.

"Lease" or "Leases" means (i) this Agreement, the McAllen Lease, the Stanton/Brady/Celeste Lease, the ERCOT Transmission Lease and the Stanton Transmission Loop Lease and any other leases of transmission and distribution and related assets to a Qualified Lessee under which Lessor or any subsidiary of Lessor is a party as a lessor, and (ii) any lease of transmission and distribution and related assets pursuant to which Lessee is the lessee and a subsidiary of Lessee or another Person controlled by one or more Hunt Family Members is the lessor; provided that no such lease will qualify as a "Lease" hereunder if each of the three following criteria apply: (x) Lessee is the lessee, (y) cash rental payments have become due and payable pursuant thereto and (z) none of Lessor, a subsidiary of Lessor or a subsidiary of Lessee is the lessor.

"Lease Quarter" means each calendar quarter during each Lease Year.

"Lease Year" means each calendar year during the Term of this Agreement.

"Leased Consolidated Net Plant" means that portion of the Consolidated Net Plant of the lessor of a Lease between such lessor and a Qualified Lessee that is the subject of such Lease.

"Legal Requirements" means, as to any Person, the certificate of incorporation and by-laws, limited liability company agreement, partnership agreement or other organizational or governing documents of such Person, any law (including common law), statute, code, treaty, rule, regulation, ordinance including any government rule or determination of an arbitrator a court or other government authority, or any requirement under a Permit, in each case applicable to or binding upon such Person or any of its properties or to which such Person or any of its property is subject.

"Lessee" has the meaning set forth in the Preamble.

"Lessee CapEx" means Capital Expenditures that are related and fairly allocable to the CREZ Assets and are funded by Lessee.

"Lessee Panel Member" has the meaning set forth in Section 13.7(a).

"Lessee Taxes" has the meaning set forth in Section 4.3.

"Lessor" has the meaning set forth in the Preamble.

"Lessor's Audit" has the meaning set forth in Section 3.3(c).

"Lessor Material Matter" means (i) a proceeding of any Regulatory Authority or (ii) an environmental, health, safety or security matter that requires a corrective action and, in the case

of both (i) and (ii), either could (a) give rise to a Claim with respect for which Lessor would be responsible pursuant to Article XII hereof, (b) reasonably be expected to have a material adverse effect on the operation of the CREZ Assets or (c) reasonably be expected to result in the imposition of a liability on Lessor (other than liabilities for which Lessor is indemnified pursuant hereto, unless the amount of such liability could reasonably be expected to exceed $2,000,000).

"Lessor Panel Member" has the meaning set forth in Section 13.7(a).

"Lessor Taxes" has the meaning set forth in Section 4.3.

"Liens" has the meaning set forth in Section 5.2.

"McAllen Lease" means the Third Amended and Restated Master System Lease Agreement (McAllen System) between Lessor and Lessee effective as of December 1, 2014, as the same may be amended from time to time.

"Monetary Default" means an Event of Default arising from the failure to pay when due any amounts payable under this Agreement.

"NERC" means North American Electric Reliability Corporation, or its successors.

"Non-Defaulting Party" has the meaning set forth in Section 9.3.

"Non-Monetary Default" means an Event of Default other than a Monetary Default.

"Non-Recourse Debt" means Indebtedness of a subsidiary of Lessee that, if secured, is secured solely by a pledge of collateral owned by such subsidiary and the equity interests in such subsidiary, and for which no Person other than such subsidiary is personally liable.

"Nonseverable Footprint Projects" means those Footprint Projects that cannot be readily removed from the CREZ Assets without causing diminution in value to the CREZ Assets.

"Note Purchase Agreements" has the meaning set forth in Section 4.13.

"Notice of Default" means written notice of an Event of Default.

"Original Lease Date" has the meaning set forth in Section 1.1(a).

"Other Revenue" means revenue generated from activities as a regulated utility within the State of Texas other than Covered Revenue.

"Overdue Rate" means a rate equal to ten percent (10%) per annum or the maximum rate allowed by Applicable Law, whichever is lesser.

"Party" or "Parties" has the meaning set forth in the Preamble.

"Percentage Rent" has the meaning set forth in Section 3.1(b).

"Percentage Rent Breakpoint" means individually any of the Annual Percentage Rent Breakpoint, the First Lease Quarter Percentage Rent Breakpoint, the Second Lease Quarter Percentage Rent Breakpoint or the Third Lease Quarter Percentage Rent Breakpoint (collectively referred to as the "Percentage Rent Breakpoints").

"Percentage Rent Percentages" has the meaning set forth in Section 3.1(b).

"Percentage Rent Schedule" means the schedule attached to the then-current Rent Supplement setting forth the Percentage Rent Percentages and Annual Percentage Rent Breakpoints for the CREZ Assets through the end of the Term.

"Permitted Liens" means

(i) The Liens granted by the Lessor to any lender or trustee for any lender which finances the Lessor's interest in the CREZ Assets;

(ii) Liens imposed by any governmental authority for any tax, assessment or other charge relating to CREZ Assets to the extent not yet past due or being contested in good faith and by appropriate proceedings;

(iii) mechanics', warehousemen's, carriers', workers', repairers', landlords', and other similar liens arising or incurred in the ordinary course of business and (i) which do not in the aggregate materially detract from the value of property or assets subject to such Liens or materially impair the continued use thereof in the operation of the CREZ Assets or (ii) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such Liens and for which cash reserves consistent with GAAP have been established on the books of Lessee or Lessor, or other Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, trade contracts, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money);

(iv) Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and for the payment of which adequate cash reserves consistent with GAAP have been established on the books of Lessee or Lessor, bonds or other security acceptable to the Lessor in its reasonable discretion have been provided or are fully covered by insurance;

(v) zoning, entitlement, restriction, and other land use and environmental regulations by governmental authorities and encroachments, easements, rights of way, covenants, restrictions or agreements which do not materially interfere with the continued use of any asset as currently used in the conduct of the business of the Lessee;

(vi) any encumbrances set forth in any franchise or governing ordinance under which any portion of the business of the Lessee is conducted and which could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the operation of the CREZ Assets; and

(vii) all rights of condemnation, eminent domain, or other similar right of any Person.

"Person" means any natural person, general partnership, limited partnership, proprietorship, corporation, limited liability company, limited liability partnership, business trust, estate, governmental entity, cooperative, association or other foreign or domestic enterprise, or other entity whether acting in an individual, fiduciary or other capacity.

"Personal Property" means all assets, or rights therein, related to or used in connection with the CREZ Assets, other than assets of the type and nature described in Section 1.1(b)(i)-(v).

"Policies and Procedures" has the meaning set forth in Section 13.6(b).

"Project Management Costs" means all actual out-of-pocket costs incurred by Lessee pursuant to this Agreement or a separate construction management agreement in connection with the construction activities, including (i) all direct wages and salaries (including benefits, payroll burden and overtime) which the Lessee pays to personnel employed or retained to conduct such construction activities and a fair allocation of the direct wages and salaries (including benefits, payroll burden and overtime) of Lessee's other personnel conducting such construction activities; (ii) the fair market value of materials or equipment provided directly by Lessee or its affiliates (including the standard corporate day rate for any vehicles and equipment that are so utilized); (iii) a fair allocation of the lease payments of any leased vehicles and equipment that are so utilized; (iv) all other third-party costs incurred by Lessee in the performance of such construction activities; and (v) all sales, use, transfer or similar taxes (excluding those taxes based upon Lessee's net income, gross receipts, net worth or similar taxes) incurred or paid by Lessee in conducting such construction activities or providing materials, if any (provided that, in managing its affairs, Lessee will attempt to minimize, to the extent practicable, all such taxes incurred on behalf of Lessor and, in this regard, Lessor agrees to cooperate and provide Lessee any assistance necessary including providing appropriate evidence of any exemptions from tax).

"PUCT" means the Public Utility Commission of Texas or its successors.

"Qualified Lessee" means Lessee and/or any other utility that is (x) approved or authorized by the applicable public utility commission or similar regulatory authority to operate and/or lease the transmission and/or distribution assets of Lessor or any subsidiary and (y) a party to a then-effective lease agreement with Lessor or a subsidiary thereof pursuant to which such utility leases and operates such entity's transmission and/or distribution assets.

"Rate Base" means, with respect to any transmission and distribution assets, gross electric plant in service under GAAP, which is the aggregate amount of capital expenditures used to construct such assets plus AFUDC, less accumulated depreciation, and adjusted for accumulated deferred income taxes.

"Receiving Party" has the meaning set forth in Section 13.3.

"Reclassified Projects" means any T&D Project that does not otherwise meet the definition of Footprint Project but Lessee and Lessor jointly agree, in their sole discretion, to classify such T&D Project as a Footprint Project based upon such factors that the Parties deem relevant, including (a) the expected Rate Base of the T&D Project, it being understood that the Parties generally expect that only T&D Projects with an expected Rate Base of less than $25 million could constitute a Reclassified Project; (b) whether the T&D Project is physically connected to the CREZ Assets; and (c) whether the T&D Project is necessary to serve distribution customers situated in the service territories of the CREZ Assets.

"Regulatory Authority" means the government of any nation, or of any political subdivision thereof or of any state, county or local jurisdiction therein or any regulatory body, commission, department, division, organ, instrumentality, court or agency of any thereof, including PUCT, ERCOT, TRE, NERC, or any other governmental agency with jurisdiction over Lessee, Lessor or the CREZ Assets and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"REIT" has the meaning set forth in Section 13.13(b).

"Related Person" has the meaning set forth in Section 12.1.

"Renewal Term" has the meaning set forth in Section 2.1.

"Rent" means the sum of Base Rent, Percentage Rent, Additional Rent and Extended Period Rent.

"Rent Supplement" means a supplement to this Agreement in the form of Schedule 3.2(b) agreed to in accordance with Section 3.2.

"Rent Validation" means the process of validating any Rent Supplement pursuant to Section 3.2(c).

"Repairs" means all replacements, repairs or remedial activity undertaken directly on a then-existing portion of the CREZ Assets that are not Footprint Projects and that are expensed and not capitalized under GAAP.

"Revenues Attributable to Lessee CapEx" means the portion of Unadjusted Gross Revenue from the CREZ Assets that is attributable to Lessee CapEx as determined under Section 3.1(d)(iii).

"Revised Certificate" has the meaning set forth in Section 3.3(a).

"SEC" means the United States Securities and Exchange Commission.

"SEC Reporting Requirements" has the meaning set forth in Section 7.1(c).

"Second Amended and Restated Lease" has the meaning set forth in the Recitals.

"Second Lease Quarter Percentage Rent Breakpoint" has the meaning set forth in Section 3.1(c).

"Severable Footprint Projects" means any Footprint Projects that can be readily removed from the CREZ Assets without causing diminution in value to the CREZ Assets.

"Sharyland Projects" has the meaning set forth in the Recitals.

"SPP" means the Southwest Power Pool and its successors.

"Stanton/Brady/Celeste Lease" means the Third Amended and Restated Lease Agreement (Stanton/Brady/Celeste Assets) between Lessor and Lessee effective in 2015, as the same may be amended from time to time.

"Stanton Transmission Loop Lease" means the Third Amended and Restated Lease Agreement (Stanton Transmission Loop Assets) between Lessor (as the successor in interest to SDTS FERC, L.L.C.) and Lessee (as the successor in interest to SU FERC, L.L.C.), effective as of December 1, 2014, as the same may be amended from time to time.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions of any of the foregoing (including, without limitation, any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

"Swap Termination Value" means, in respect of one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

"Synthetic Lease" means, at any time, any lease (including a lease that may be terminated by the lessee at any time) of any property by a Person (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any lease under which such Person is the lessor.

"TCOS Allocation" has the meaning set forth in Section 3.1(d)(ii).

"T&D Project" means a business, project or assets relating primarily to the transmission and/or distribution of electricity.

“Term” has the meaning set forth in Section 2.1.

“Third Lease Quarter Percentage Rent Breakpoint” has the meaning set forth in Section 3.1(c).

“Third Panel Member” has the meaning set forth in Section 13.7(a).

“Transferred Assets” has the meaning set forth in Section 1.1(c).

“Transmission Gross Plant” means electric transmission plant as determined in accordance with the FERC Uniform System of Accounts.

“Transmission Lines” means the five transmission line segments consisting of the Ogallala (formerly Nazareth) to Tule Canyon (formerly Silverton) Transmission Line (“ *LS01* ”), the Windmill (formerly) Hereford) to Ogallala (formerly Nazareth) Transmission Line (“ *LS02* ”), the Windmill (formerly Hereford) to Alibates (formerly White Deer) Transmission Line (“ *LS03* ”), the Tule Canyon (formerly Silverton) to Cottonwood Transmission Line (“ *LS04* ”), the Tule Canyon (formerly Silverton) to Alibates (formerly White Deer) Transmission Line (“ *LS05* ”).

“Transmission Net Plant in Service” means Transmission Gross Plant in service less accumulated depreciation as determined in accordance with the FERC Uniform System of Accounts.

“TRE” means the Texas Reliability Entity, or its successor entity.

“TRS” means an Entity that (x) is wholly-owned by Lessor and/or Lessee and (y) is a taxable REIT subsidiary within the meaning of Section 856(l) of the Code.

“Unadjusted Gross Revenues” has the meaning set forth in Section 3.1(d)(i).

“Undisputed Rent” means the undisputed amount of Rent the Parties agree is due and payable.

EXHIBIT A

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EXHIBIT B

INSURANCE REQUIREMENTS

Subject to Section 6.2(b) of this Agreement, during the term of the Note Purchase Agreements, the Credit Agreements or until otherwise agreed by Lessee and Lessor, Lessee shall comply with the insurance requirements set forth in this Exhibit B . Capitalized terms used herein but not otherwise defined in this Agreement have the meanings assigned to such terms in the Note Purchase Agreements or the Credit Agreements, as applicable.

A. Coverages .

Property Insurance (Operational):

Cover :	All assets comprising the CREZ Assets against "all risks" of physical loss or damage (including but not limited to machinery breakdown, earthquake, flood, windstorm and terrorism)
Principal Exclusions :	War and civil war
	Nuclear risks
	Theft and mysterious disappearance revealed in the course of inventory undertaking
	The cost of making good wear and tear, gradual deterioration, etc., but not the consequential damage
	Consequential loss not otherwise excluded
	Fraud and misrepresentation
Sum Insured :	Full replacement cost subject to the following sublimits.
Sublimits :	Earthquake – full replacement cost
	Flood – full replacement cost
	Windstorm – full replacement cost
Deductible :	$250,000 per loss or occurrence, except $250,000 earthquake and flood and $250,000 windstorm
Insured :	Lessee Lessor

Additional Insured :	The Prudential Insurance Company of America, as Purchaser Prudential Retirement Insurance and Annuity Company, as Purchaser Royal Bank of Canada, as Lender The Bank of New York Mellon Trust Company, N. A., as Collateral Agent The Secured Parties to the Note Purchase Agreements The Secured Parties to the Credit Agreements
Mortgagee :	Bank of New York Mellon Trust Company, N.A. as Collateral Agent for the benefit of the Secured Parties
Loss Payee :	The Bank of New York Mellon Trust Company, N.A. as Collateral Agent, as first loss payee
Conditions :	30 days' notice of cancellation or non-renewal except 10 days for non-payment of premium
	Acceptable loss payable clause
	Non-vitiation wording in favor of the Collateral Agent and the Secured Parties
	Waiver of subrogation in favor of the additional insureds

General Liability Insurance:

Cover :	Lessee against any liability arising out of claims for personal injury and property damage.
Sum Insured :	$1,000,000 per occurrence up to a minimum of $2,000,000 aggregate limit (except that the fire damage legal liability coverage may be limited to $100,000 per fire and the medical expense coverage may be limited to $5,000 for any one injured person)
Insured :	Lessee Lessor
Additional Insured :	The Prudential Insurance Company of America, as Purchaser Prudential Retirement Insurance and Annuity Company, as Purchaser The Bank of New York Mellon Trust Company, N. A., as Collateral Agent Royal Bank of Canada, as Lender The Secured Parties
Conditions :	Occurrence policy wording or Aegis claims-first-made policy form Worldwide territory

Automobile Liability Insurance:

Cover :	Lessee for liability arising out of claims for personal injury (including bodily injury and death) and property damage covering all owned (if any), leased, non-owned and hired vehicles of Lessee, including loading and unloading.
Sum Insured :	$1,000,000 each accident.
Deductible :	$1,000 each accident
Insured :	Lessee Lessor
Additional Insured :	The Prudential Insurance Company of America, as Purchaser Prudential Retirement Insurance and Annuity Company, as Purchaser The Bank of New York Mellon Trust Company, N. A., as Collateral Agent Royal Bank of Canada, as Lender The Secured Parties

Workers' Compensation and Employer's Liability Insurance:

Cover :	Lessee will maintain workers' compensation insurance as required by applicable state laws and employer's liability insurance insuring Lessee for liability arising out of injury to or death of employees.
Sum Insured :	$1,000,000 each accident.
Insured :	Lessee Lessor

Excess or Umbrella Insurance:

Cover :	Insurance covering claims in excess of the underlying insurance described in the foregoing.
Sum Insured :	$25,000,000 each occurrence and in the aggregate
Deductible :	$1,000,000 any one occurrence or amount of underlying insurance.
Insured :	Lessee Lessor

Additional Insured :	The Prudential Insurance Company of America, as Purchaser Prudential Retirement Insurance and Annuity Company, as Purchaser The Bank of New York Mellon Trust Company, N. A., as Collateral Agent Royal Bank of Canada, as Lender The Secured Parties
Conditions:	Following form

B. Company Conditions and Requirements .

1. Loss Notification . Lessee shall promptly notify Lessor of any single loss or event likely to give rise to a claim against an insurer for an amount in excess of $1,000,000 covered by any insurance policies required by this Exhibit B .

2. Payment of Loss Proceeds . The Collateral Agent, on behalf of the Secured Parties, shall be named as the first loss payee in applicable insurance policies (pursuant to a standard lender's loss payable endorsement equivalent to a CP 1218).

3. Compliance With Policy Requirements . Lessee shall not violate or permit to be violated any of the conditions, provisions or requirements of any insurance policy required by this Exhibit B , and Lessee shall perform, satisfy and comply with, or cause to be performed, satisfied and complied with, all conditions, provisions and requirements of all insurance policies.

4. Waiver of Subrogation . Lessee hereby waives any and every claim for recovery from the Secured Parties for any and all loss or damage covered by any of the insurance policies to be maintained under this Agreement to the extent that such loss or damage is recovered under any such policy. If the foregoing waiver will preclude the assignment of any such claim to the extent of such recovery, by subrogation (or otherwise), to an insurance company (or other Person), Lessee shall give written notice of the terms of such waiver to each insurance company which has issued, or which may issue in the future, any such policy of insurance (if such notice is required by the insurance policy) and shall cause each such insurance policy to be properly endorsed by Lessee to, or to otherwise contain one or more provisions that prevent the invalidation of the insurance coverage provided thereby by reason of such waiver.

5. Notices . Lessee will advise Lessor in writing promptly of (i) any material changes in the coverage or limits provided under any policy required by Section 6.2 of this Agreement and this Exhibit B and (ii) any default in the payment of any premium and of any other act or omission on the part of Lessee which may invalidate or render unenforceable, in whole or in part, any insurance being maintained by Lessee pursuant to this Exhibit B .

C. Insurance Policy Conditions and Requirements .

1. Permitted Insurers . Lessee shall obtain the insurance required by this Exhibit B from responsible insurance companies authorized to do business in Texas (if required by law or regulation) with an A.M. Best Insurance Reports rating of A-, 8 or better.

2. Control of Loss . If commercially feasible all policies of insurance required to be maintained pursuant to this Exhibit B , wherein more than one insurer provides the coverage on any single policy, shall have a clause (or a separate agreement among the insurers) wherein all insurers have agreed that the lead insurer shall have full settlement authority on behalf of the other insurers.

3. Loss Survey . All policies of insurance required to be maintained pursuant to this Exhibit B , wherein more than one insurer provides the coverage on any single policy, shall have a clause (or a separate agreement among the insurers) wherein all insurers have agreed upon the employment of a single firm to survey and investigate all losses on behalf of the insurers.

4. Policy Cancellation and Change . All policies of insurance required to be maintained pursuant to this Exhibit B shall be endorsed so that if at any time they are canceled, or their coverage is reduced (by any party including the insured) so as to affect the interests of the Collateral Agent, the Holders and any other Secured Party, such cancellation or reduction shall not be effective as to the Secured Parties for thirty (30) days, except for non-payment of premium which shall be for ten (10) days, after receipt by the Collateral Agent and the Secured Parties of written notice from such insurer of such cancellation or reduction.

5. Miscellaneous Policy Provisions . All insurance policies providing operational property damage, (i) shall name the Collateral Agent, on behalf of the Secured Parties, as the first loss payee, (ii) shall include a Lender's loss payable clause in favor of the Collateral Agent, on behalf of the Secured Parties.

6. Separation of Interests . All policies (other than in respect to workers compensation insurance) shall insure the interests of the Secured Parties regardless of any breach or violation by Lessee or any other party of warranties, declarations or conditions contained in such policies, any action or inaction of Lessee or others, or any foreclosure relating to the CREZ Assets.

7. Waiver of Subrogation . All policies of insurance required by this Exhibit B shall provide for waivers of subrogation in favor of the Secured Parties and their respective officers and employees.

8. Liability Insurance Endorsements . All policies of liability insurance required to be maintained by Lessee shall be endorsed as follows:

(i) To name the Secured Parties as additional insureds;

(ii) To provide a severability of interests and cross liability clause; and

(iii) That the insurance shall be primary and not excess to or contributing with any insurance or self-insurance maintained by Lessee.

D. Acceptable Policy Terms and Conditions .

All policies of insurance required to be maintained pursuant to this Exhibit B shall contain terms and conditions reasonably acceptable to Lessor.

EXHIBIT C

SUBORDINATED DEBT TERMS

Reference is made to that certain Second Amended and Restated Collateral Agency Agreement dated as of December 10, 2014 (as amended, restated, supplemented or otherwise modified, the " Collateral Agency Agreement "), entered into by and among The Bank of New York Mellon Trust Company, N.A., as collateral agent (together with its successors and assigns, the " Collateral Agent "), Sharyland Distribution & Transmission Services, L.L.C., a Texas limited liability company (the " Company "), and the holders of the Permitted Secured Indebtedness (as defined therein) from time to time party thereto.

Section 1. Definitions and Rules of Interpretation . Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Collateral Agency Agreement. The rules of interpretation set forth in Schedule A of the Collateral Agency Agreement shall apply to this Exhibit C as if fully set forth herein. In addition, the following terms shall have the following meanings:

1.1 " Entitled Party " shall mean the Company unless the Collateral Agent or the Company has given notice to the Subordinated Lender that the Collateral Agent has, on behalf of the Secured Parties and pursuant to the Collateral Agency Agreement or related documents, properly exercised its remedies to foreclose on the Company's interest in any System Lease and receive payments pursuant to any System Lease directly from Sharyland, in which case the Entitled Party shall mean the Collateral Agent, acting for the benefit of the Secured Parties.

1.2 " Governmental Authority " shall mean

(a) the government of:

(i) The United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdictions in which the Company conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company, or

(b) any entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of, or pertaining to, any such government, or

(c) the Electric Reliability Council of Texas or any successor thereto (" ERCOT "), or

(d) the Texas Regional Entity.

1.3 " Insolvency Event " means the occurrence of any of the following:

(a) Sharyland (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the

filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes a corporate action for the purpose of any of the foregoing; or

(b) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by Sharyland, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of Sharyland or any such petition shall be filed against Sharyland and such petition shall not be dismissed within 60 days.

1.4 " Reorganization Securities " shall mean any debt or equity securities issued on account of all or any portion of the Subordinated Indebtedness in connection with an Insolvency Event that are in each case subordinated in liquidation to the Obligations (or any debt or equity securities issued on account of any Obligations) to at least the same extent that the Subordinated Indebtedness are subordinated to the Obligations hereunder.

1.5 " Sharyland " shall mean Sharyland Utilities, L.P.

1.6 " Subordinated Indebtedness " shall mean, with respect to Sharyland, Indebtedness (as defined under the applicable Financing Agreement or such other similar term) that is incurred in accordance with the terms of such Financing Agreement and is required to be subordinated to the applicable Obligations.

1.7 " Subordinated Lenders " shall mean each and every Person to whom any of the Subordinated Indebtedness are owed.

1.8 " Subordinated Loan Documents " shall mean all documentation evidencing the Subordinated Indebtedness.

1.9 " System Leases " shall mean any and all leases of transmission and distribution and related assets pursuant to which Sharyland is the lessee and the Company or any Subsidiary of the Company is a party as a lessor, and supplements thereto, each as amended, restated, supplemented or otherwise modified from time to time, or any new lease entered into in replacement thereof.

1.10 " System Lease Obligations " shall mean any and all Rent or other similar term (as such term is defined in the System Leases) then due and payable under the System Leases.

1.11 " Texas Regional Entity " shall mean the division of ERCOT authorized to develop, monitor, assess and enforce compliance with NERC Reliability Standards within geographic boundaries of ERCOT and any successor thereto.

Section 2. Subordination of Subordinated Indebtedness. Until the indefeasible payment in full in cash of all the Obligations and the termination of any commitments to lend under any Permitted Secured Indebtedness, the Subordinated Lenders and Sharyland hereby agree that (i) all Subordinated Indebtedness is and shall be subordinated in right of liquidation in relation to all System Lease Obligations to the extent and in the manner hereinafter set forth, (ii) upon the occurrence and during the continuance of any default or event of default under any System Lease (or if after giving effect to a proposed distribution in respect of any part of the Subordinated Indebtedness, a default or event of default under any System Lease will exist), no payments or other distributions whatsoever in respect of any part of the Subordinated Indebtedness shall be made, (iii) upon the occurrence and during the continuance of an Insolvency Event, no payments or other distributions whatsoever in respect of any part of the Subordinated Indebtedness shall be made nor shall any property or assets of Sharyland be applied to the purchase or other acquisition or retirement of any part of the Subordinated Indebtedness, and (iv) upon the occurrence and during the continuance of an Insolvency Event, the Subordinated Lenders shall not accept any payment by or on behalf of Sharyland on account of the principal of, premium or interest on, or any other amount in respect of, the Subordinated Indebtedness other than the payment of indemnity obligations and reasonable out of pocket costs and expenses (including reasonable attorney's fees) in each case as and when due and payable in accordance with the terms of the Subordinated Loan Documents.

Section 3. Liquidation, Dissolution, Bankruptcy . Until the indefeasible payment in full in cash of all the Obligations and the termination of any commitments to lend under any Permitted Secured Indebtedness, and without limitation to the rights of the Secured Parties under the terms of the Financing Agreements or the rights of Company under the System Leases:

3.1 upon the occurrence and during the continuance of any Insolvency Event:

3.1.1 the System Lease Obligations then due and payable shall first be irrevocably and indefeasibly paid in full to the Entitled Party before any of the Subordinated Lenders shall be entitled to receive any payment (other than Reorganization Securities) on account of the Subordinated Indebtedness whether in cash, securities or other assets (other than Reorganization Securities);

3.1.2 any payment or distribution of assets of Sharyland of any kind or character in respect of the Subordinated Indebtedness to which any of the Subordinated Lenders would be entitled if the Subordinated Indebtedness were not subordinated pursuant to the terms hereof shall be made by the trustee, liquidator or agent or other Person making such payment or distribution, directly to the Entitled Party until the System Lease Obligations then due and payable are paid in full and each of the Subordinated Lenders and, unless the Company is the Entitled Party, Sharyland irrevocably authorizes and empowers the Entitled Party to receive and collect on its behalf any and all such payments or distributions; and

3.1.3 the Subordinated Lenders agree not to, directly or indirectly, initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity or priority of the System Lease Obligations then due and payable.

Section 4. Incorrect Payments . If, for any reason whatsoever and whether pursuant to an Insolvency Event or otherwise, Sharyland shall make or any of the Subordinated Lenders shall receive any payment or distribution of any kind or character, whether in cash, securities or other property (other than Reorganization Securities), on account or in respect of the Subordinated Indebtedness in contravention of any of the terms set forth herein, such Subordinated Lender shall hold any such payment or distribution in trust for the benefit of the Secured Parties, promptly notify the Entitled Party of the receipt of such payment or distribution and promptly pay over or deliver such distribution or payment to the Entitled Party or to any other Person nominated by the Entitled Party, to hold for the account of the Secured Parties.

Section 5. Non-Impairment . To the fullest extent permitted by applicable Law, no change of law or circumstances shall release or diminish any of the Subordinated Lender's obligations, liabilities, agreements or duties hereunder, or affect the provisions set forth herein in any way.

Section 6. Benefit of Subordination Provisions . These subordination provisions are intended solely to define the relative rights of the Secured Parties, the Collateral Agent, the Company, the Subordinated Lenders, and their respective successors and permitted assigns.

Section 7. Termination and Reinstatement . Notwithstanding anything to the contrary contained herein, the Subordinated Indebtedness shall no longer be subordinated in right of liquidation pursuant to the terms contained herein otherwise at such time as the Secured Parties no longer have a lien on or security interest in the System Lease Obligations. If any payment to any of the Entitled Party, the Company, the Collateral Agent or the Secured Parties by Sharyland or any other Person in respect of any of the System Lease Obligations is held to constitute a preference or a voidable transfer under applicable Law, or if for any other reason any such party is required to refund such payment to Sharyland or to such Person or to pay the amount thereof to any other Person, each Subordinated Lender agrees and acknowledges that the provisions set forth herein shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments.

Section 8. Restrictions on Transfers . None of the Subordinated Lenders may transfer (by sale, novation or otherwise) any of its rights or obligations under the Subordinated Indebtedness unless the transferee of such interest first agrees in writing to be bound by the terms of this Exhibit C applicable to the transferor of such interest and executes an instrument to that effect.

Section 9. Exercise of Powers .

9.1 After the occurrence and during the continuance of an Insolvency Event, the Entitled Party shall be entitled to exercise its rights and powers under these subordination provisions in such a manner and at such times as the Entitled Party in its absolute discretion may determine.

9.2 The Subordinated Lenders alone shall be responsible for their contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by them.

SCHEDULE 3.2(b)

FORM OF RENT SUPPLEMENT
Rent Supplement
Pursuant to Section 3.2(b) of Lease

[Date of Supplement]

Incremental CapEx:

Lessee CapEx:

Base Rent:

Percentage Rent Percentages:

Annual Percentage Rent Breakpoints:

Revenues Attributable to Lessee CapEx:

ERCOT Transmission Rate Allocation:

Term of Rent Supplement:

Executed this day of , 20

SHARYLAND UTILITIES, L.P.

By: _____
Name:
Title:

SHARYLAND DISTRIBUTION & TRANSMISSION SERVICES, L.L.C.

By: _____
Name:
Title:

Exhibit 99.1

InfraREIT, Inc.
1807 Ross Avenue,
4 th Floor
Dallas, TX 75201

PRESS RELEASE

InfraREIT's Subsidiary Closes
Private Placement of $500 Million of Senior Secured Notes

DALLAS, TEXAS, Dec. 3, 2015—InfraREIT, Inc. (NYSE: HIFR) ("InfraREIT" or the "Company") today announced the issuance of $400 million in 10-year Senior Secured Notes, Series A, due Dec. 3, 2025 (the "Series A Notes") and the issuance of $100 million in 10-year Senior Secured Notes, Series B, due Jan. 14, 2026 (the "Series B Notes") by its subsidiary, Sharyland Distribution & Transmission Services, L.L.C. ("SDTS"), both in a private placement conducted pursuant to Section 4(a)(2) under the Securities Act of 1933 (the "Securities Act"). The Series A Notes and Series B Notes will bear interest at a rate of 3.86 percent, payable semi-annually. The closing of the issuance of the Series A Notes occurred today, while closing of the Series B Notes issuance is expected to close on Jan. 14, 2016, subject to customary closing conditions.

SDTS intends to use the proceeds from the private placement of the Series A Notes and Series B Notes to refinance the outstanding $388.7 million term loan borrowings under the Senior Secured Credit Facility of its wholly owned subsidiary, Sharyland Projects, L.L.C., due in 2018 and for general corporate purposes.

The Series A Notes and Series B Notes will not be registered under the Securities Act, or any state securities laws, and unless so registered, the securities may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities.

About InfraREIT, Inc.

InfraREIT is a real estate investment trust that owns rate-regulated electric transmission and distribution assets in the state of Texas. The Company is externally managed by Hunt Utility Services, LLC, an affiliate of Hunt Consolidated, Inc. (a diversified holding company based in Dallas, Texas and managed by the Ray L. Hunt family) and the Company's shares are traded on the New York Stock Exchange under the symbol "HIFR". Additional information on InfraREIT is available at www.InfraREITInc.com .

# # #

Forward-Looking Statements

This press release contains "forward-looking statements" that state InfraREIT's or its management's intentions, beliefs, expectations or predictions of the future, which by their nature, involve known and unknown risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated above include, among others, risks and uncertainties related to the capital markets generally. This press release speaks only as of the date hereof, and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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